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SPRINGFIELD, VA 22161

16 JUNE 1987

WEST EUROPE

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COMMUNISTS' SETBACK IN PARLIAMENTARY ELECTIONS ASSESSED

Helsinki HUFVUDSTADSBLADET in Swedish 30 Mar 87 p 2

[Editorial by Bjorn Mansson: "Only 15 Communists"; first paragraph is HUFVUDSTADSBLADET introduction]

[Text] The positions of the extreme leftist groups--the SKDL [Finnish People's Democratic League]-SKP [Finnish Communist Party] and the DA [Democratic Alternative]--in light of the election results are discussed here by Bjorn Mansson, who, among other things, points out that Finland's extreme Left is now down to the "Scandinavian level." But even so, it did very well at holding on to the number of votes it had following the previous election.

A medium-sized party with 16 seats in Parliament and a competing miniparty with 4 seats--that is what remains of the once very big People's Democratic League-Communist Party in Finland. The result is that the SKDL-SKP and the Taisto Communists in Democratic Alternative have wound up with a total of 20 seats, or 10 percent of the total number of seats in Parliament. Compare that with the fact that the SKDL won 49 seats at the start of 1945, became the country's largest party with 50 seats in the 1958 election, and still had 40 seats in Parliament only 10 years ago.

As a result of this year's parliamentary election, the Finnish extreme Left has dropped to what could be called the Scandinavian level as far as its representation in Parliament is concerned. If we look at the parties to the left of the Social Democrats, we see that the largest group is in Iceland, where the People's Alliance has 17.4 percent of the vote and 10 of the 60 seats in Parliament. Next comes Denmark, where the two left-socialist parties combined have 14 percent of the vote and a full 26 of the 175 seats in Parliament. In Norway, the Left-Socialists and Communists combined received 8.5 percent of the vote in the latest election, but only 6 (Left Socialist) seats out of Parliament's 157. In Sweden, lastly, the latest share of the vote for the VPK [Left Party-Communists] was 5.6 percent, giving that party 19 of the 349 seats in Parliament.

This year's election results, which gave the extreme Left a total of 13.6 percent of the vote and 20 seats in Parliament, puts Finland exactly in the middle of that scale.

Finnish communism's state of humiliation is further underscored by the fact that only 15 real Communists are now sitting in our Parliament, the reason being that 5 of the SKDL members are not members of the SKP.

Some of the reasons for the extreme Left's decline are obvious. Structural changes in society have not only reduced the number of industrial workers but also, as a result of the higher standard of living, funneled those workers into the Social Democratic Party or even into nonsocialist parties--whereas a great deal of what remains of the "rural proletariat" has, for its part, moved over to the Finnish Rural Party since 1970. On the whole, the higher standard of living has reduced what could be called the extreme Left's social base.

Also interesting from the sociological and politological point of view is the fact that the extreme Left's setback was not accompanied by a corresponding upswing for the Social Democrats. On that point, Finland differs from the party structure in Scandinavia. The fact is, of course, that Finland is also by far the most nonsocialist country in the Nordic Region--and was long before this year's election.

But back to the extreme Left's weakened positions. One cannot avoid the fact that the downward trend has been accelerated by the internal conflicts which have been affecting the People's Democratic-Communist movement since the 1960's and which, in this year's parliamentary elections, found expression for the first time in two separate communist groups competing with each other.

Now that we have presented that pessimistic picture of the situation in Finland's extreme Left, it is only fair to make one fact clear: considering the difficult circumstances, the SKDL-SKP did very well at holding its own in terms of the number of votes it had won in the previous parliamentary election. The combined share of the vote only dropped from 14 percent to 13.6 percent, while the absolute number of votes fell from about 415,000 to about 390,000. By "difficult circumstances" is meant not only the split in the SKP but also the low voting turnout and, especially, the fact that the biggest party on the left--the SDP [Social Democratic Party]--lost a lot more: more than 100,000 votes.

The results for the extreme Left were not completely surprising--for example, the very last Gallup polls before the election had indicated the possibility that voter support would remain the same. One reason why a complete collapse did not occur may be that the SKDL-SKP on the one hand and the Taisto group on the other were better able, despite everything, to mobilize their voters in a situation where each entered the campaign independently. In fact, one can even note a slight advance in comparison with the municipal elections in 1984!

It is another matter that our election system did not do the extreme Left justice with respect to the number of votes received. Compared to what a purely proportional system would have given them, the SKDL-SKP was shorted three seats and the DA was shorted a full four. If they had formed an election coalition--as the DA had proposed for well-known reasons--they might have salvaged six of those seats. Provided, of course, that the number of votes had turned out to be the same, which is relatively improbable,

considering that that would have resulted in only half as many candidates as there actually were.

If we compare the results for the "mother party"--the SKDL--with the results achieved by the so-called majority wing's candidates in the previous election, we see that the number of votes was down from 295,000 to 270,000, while the share as a percentage was down from 9.9 to 9.4 percent, and the number of seats dropped from 17 to 16.

And if we compare the DA's results with the results achieved by the Taisto candidates in 1983, we see that the number and percentage of votes stayed more or less the same (just over 120,000 votes and just over 4 percent), whereas the number of seats dropped sharply, as we know, from 10 to 4.

We can therefore say that the loss of votes one-sidedly hit the SKDL, while the loss of seats was even more one-sided in its effect on the DA.

The regional distribution of seats for the extreme Left also presents some special features. The SKDL lost its only seat in Kymen Province, one of the two seats it had held in both Kuopio and Keski-Suomen Provinces, and one of its four seats in Oulun Province. But it won seats in the Uudenmaan, North Turun ja Porin, and Vaasa Province constituencies. The DA's four seats consist of three in southwestern industrial Finland and one in Lapland. Since the SKDL already lacked representation in Pohjois-Karjalan and Mikkelin Provinces, it can be said that all of eastern Finland, with its relatively small constituencies, is unexplored territory as far as the extreme Left is concerned.

One of the SKDL group's problems is that so many of its well-known heavyweights are now gone--although all of them departed voluntarily. For example, only Jorma Wahlstrom has experience as a minister, and SKP leader Arvo Aalto did not manage to get elected.

Considering, moreover, that the number of successful candidates not belonging to the SKP has risen from 3 out of 17 to 5 out of 16--and that those newly elected include two intellectuals who are potential "independent thinkers" (Claes Andersson and Esko Seppanen)--certain questions arise concerning the way the group will conduct itself during the coming electoral period.

The DA's more uniform group consists of four tough (and, in particular, talkative) Taisto Communists, and the fact that neither DA leader Kristiina Halkola nor the real party leader, Taisto Sinisalo, is a member of that group probably does not present a political problem. The party line remains clear in any case.

Disregarding the disastrous loss of seats, it could be said that in this election, Democratic Alternative defied Cassandras and Gallup polls by at least establishing itself in the political arena. Contributing to that relative success was the fact that all of its members of Parliament ran for reelection (unlike the situation in the SKDL, where, for one thing, half a dozen of the best-known members declined to run this time), plus the fact that

there was a wide choice of candidates, whereas voters had previously been restricted to an iron-hard concentration of votes. The social breeding ground for the DA was provided primarily by unemployment.

Until the new government is formed, it is risky to engage in further speculation as to how the extreme Left will conduct itself in Parliament. So much depends on the makeup of the government. It would be something of a lottery prize for the extreme Left if the Social Democrats formed a government with both the middle and the Right--not to mention what a "jackpot" it would be if the Social Democrats formed a government with the Conservative Party alone. In those situations, of course, the field would be wide open for tough leftist opposition.

If, on the other hand, the SDP--and, therefore, the entire Left--stays in the opposition, the opposition role of the extreme leftist parties will be slightly less important--but on the other hand, the conditions will then exist for a rapprochement between the SDP and the SKDL.

So until the government is formed, further judgment must be postponed. At this stage, it is enough to note that the extreme Left's combined strength in Parliament is in fact a magic number, since precisely 20 members of Parliament are required for an interpellation of the government.

But this presupposes, of course, that our two competing communist groups will be able to unite in joint action. And that is far from certain.

11798

CSO: 3650/112

SKDL GENERAL SECRETARY VOWS KIVISTO REMAINS CANDIDATE CHOICE

Helsinki HUFVUDSTADSBLADET in Swedish 6 Apr 87 p 7

[Text] (FNB)--According to Esko Vainionpaa, general secretary of the Communist Party, the SKDL [Finnish People's Democratic League] is going to stick to its decision to ask Governor Kalevi Kivisto to be its presidential candidate. Vainionpaa rejects the idea that the SKDL should support President Mauno Koivisto right from the start.

Vainionpaa was speaking at the meeting of the CP Central Committee in Helsinki on Sunday.

Also supporting Kivisto's candidacy are the SKDL's Executive Board, the parliamentary group, and the CP Political Committee. Those bodies reached agreement on that point at their joint meeting last Monday.

Vainionpaa justified Kivisto's candidacy partly on the grounds that a great many of the SKDL's voters will not vote if the SKDL puts up the same candidate as the Social Democrats. According to Vainionpaa, that is due to a historical tradition, but also to the fact that Koivisto's way of thinking in no way corresponds to the outlook and ideals of many People's Democrats.

Koivisto's Reelection Assured

Vainionpaa admitted, however, that the final contenders in the race will probably be Koivisto and a nonsocialist presidential candidate and that Kivisto's voters will then guarantee Koivisto's reelection, thus preventing the election of a nonsocialist president.

If Kivisto does not accept, the presidential campaign will be a personal contest between three quite similar main candidates, said Vainionpaa.

The SKDL National Council asked Kalevi Kivisto last November to be the movement's presidential candidate. In the wake of the parliamentary elections, some SKDL circles have been wondering whether that decision should be changed. Among others, the SKDL's new member of Parliament, Esko Seppanen, has spoken in favor of a change.

Opposition

Concerning the basis for forming a government, Vainionpaa noted that the mood following the election shows that the SKDL is in no position to participate in the government. Vainionpaa says: "Instead, the party will direct its energies toward an active and plucky opposition policy."

The Central Committee will conclude its meeting on Monday, and its decisions will also be made at that time.

11798

CSO: 3650/112

PEKKA VENNAMO SEEN DOMINATING RURAL PARTY FOLLOWING ELECTION

Helsinki HUFVUDSTADSBLADET in Swedish 10 Apr 87 p 2

[Editorial by Bjorn Mansson: "Rural Party of Two Minds"; first paragraph is HUFVUDSTADSBLADET introduction]

[Text] The Rural Party's situation following its election defeat is dealt with by Bjorn Mansson, who has already discussed in similar fashion the election results for the Liberal People's Party and the parties on the extreme left--the SKDL [Finnish People's Democratic League] and DA [Democratic Alternative]--and their consequences.

No matter how you look at it, the biggest loser in these parliamentary elections was the Finnish Rural Party [SMP]. The party received about 181,500 votes, and that, compared to the nearly 289,000 votes it obtained in 1983, means a drop of no less than a good 107,000 votes. Its share of the total vote dropped from 9.7 percent to 6.3 percent. The loss of just over one-third of the party's support--both in absolute terms and as a percentage of the total vote--resulted in the loss of an even greater number of seats. With its 9 seats, compared to 17 in the 1983 election, the SMP is down from fifth place (or fourth, following the split in the SKDL) to sixth place among the groups in Parliament. Not only that, but only five of the former SMP members of Parliament were personally able to win reelection.

The party's main consolation is that it gained some ground in comparison with the 1984 local elections, but that consolation is lessened by the fact that it has always done better in parliamentary elections. The SMP can also point out that our unfair election system cheated it out of 4 of the 13 seats to which its share of the vote would have entitled it on a purely proportional basis. The party was so genuinely unlucky that in some constituencies, it was only a few thousand votes from winning a seat--and in Pohjois-Karjalan it was only a few hundred short. In Keski-Suomen, the SMP managed--actually no mean achievement--to regain the seat it had lost back in 1973.

It cannot be said that the SMP's defeat was unexpected: it was a logical consequence of the party's recent change of role. Gallup polls had been clearly hinting at the trend, and the old honorary chairman, Veikko Vennamo, with his unerring political instinct, was again right in his prediction.

The election result was certainly a big disappointment nevertheless, and frantic efforts are now being made to explain it away. Drawing attention to the low voter turnout is certainly justified, but it does not explain all of the loss. The SMP obviously lost a number of Rural Party votes chiefly to the Center Party (from which it had previously taken them) and a number of protest votes in the population centers to the Greens, for example. Old Veikko Vennamo has his own explanation ready: everything is the fault of the party leadership, which would not permit a continuation of the double game in which the SMP participates in the government but votes against it in Parliament.

He is right in that the switch from being a protest party in the opposition to being a responsible government party has been difficult for the SMP. Whether the voters really would have let themselves be deceived by more sitting on two chairs is another question.

To understand the Rural Party's character, one must always look back at its history. After Veikko Vennamo broke away from the Agrarian League in 1959 and established his Smallholders Party, which in its first parliamentary election in 1962 obtained no seats in Parliament despite its 50,000 votes, the party managed in 1966 to get its leader elected even though it obtained only half as many votes. That gave it a seat and vote in national politics and prepared the way for its real breakthrough in the presidential election of 1968, when Veikko Vennamo, riding on the wave of both old and newly aroused opposition to Kekkonen, wound up with a total of 33 electors.

In turn, that result--combined with discontent with leftist-led governments and the Center Party's relative state of humiliation--prepared the way for the successes in the elections of 1970 and 1972, when the SMP wound up with about a quarter of a million votes and 18 seats in Parliament. That success ended in a scare as early as 1973, when two-thirds of the group, dissatisfied with Veikko Vennamo's style of leadership--but also as a result of manipulation from outside--left the party and formed the so-called Unity Party.

After obtaining barely 100,000 votes and only two seats in the 1975 election, the SMP did not recover until 1979, when just over 130,000 votes provided it with 7 seats. In 1983, the hunt for "lucky winners" and the change of generation in the party leadership--which at that stage was, to be sure, incomplete--brought the party up to the number of votes and seats already mentioned. This year's election brings the SMP back down almost to its 1979 level.

This exercise in numbers has been inflicted on the reader so that the background to the current situation can be made clear. The variation in the number of SMP seats in Parliament from 1966 through 1987 (1, 18, 18, 2, 7, 17, and now 9 seats) is the greatest in Finland's political history. That says a lot about the party's character as a protest movement which has found the basis for its growth in first one and then another social evil or form of temporary discontent.

Its entry into the government in 1983 reflected a radical change. Although in principle it was certainly even Veikko Vennamo's ambition to bring his party

into the government, that success was never granted him. Instead, it became his son Pekka's mission.

But the entry into the government was due less to Pekka Vennamo's efforts than to the fact that a new political situation had arisen. The Social Democrats needed the SMP's cooperation to get the government's internal power structure in balance. The SMP's key position in that respect then helped keep the party in the government when its double-dealing was trying the patience of its coalition partners. It was not until Veikko Vennamo withdrew from his post as group chairman last year that the change of generation was complete and that his son Pekka could rule the roost with his own government policy.

That, in turn, meant that in this year's election, the SMP had to meet the voters as an unambiguous government party with the accountability for its stewardship which that position entails. That accountability, symbolized above all by Urpo Leppanen's unfulfilled promises concerning employment, weighed heavily.

The logical conclusion would be that the SMP is now going to return to its traditional role in the opposition. But one never knows. It is conceivable that the SDP [Social Democratic Party] will want to include the SMP in a possible red-blue coalition to offset the Conservative Party and the SFP [Swedish People's Party]. In a nonsocialist government, on the other hand, it is conceivable that the Center Party will have some interest in pacifying the SMP by taking it into the government. And those siren calls may find a response in Pekka Vennamo with his concentration on politics for results.

One can also speculate as to how various government alternatives might conceivably influence an SMP in the opposition. What the SMP would probably like best, besides the so-called three-party basis, is a nonsocialist government, whereas a red-blue coalition could easily channel expressions of discontent from the SMP to the Center Party.

Regardless of whether the SMP is in the next government or not, one thing is clear: the party's new parliamentary group is more uniform than the old one. Veikko Vennamo supporters such as Helvi Koskinen and Pentti Kettunen are gone, as are the well-known "troublemakers" Reino Jyrkila and Pentti Skon. Pekka Vennamo now has a good grip on his parliamentary group, and this is symbolized by the fact that the party's deputy chairman, Lea Makipaa, has been elected group leader. Veikko Vennamo's old armor-bearer, J. Juhani Kortessalmi, is now one of the common herd--and also Veikko's successor as chairman of the enlarged committee.

This means that if Veikko Vennamo is to gain a hearing for his views on the SMP's role, he will be forced to address himself directly to the party rank and file. The question is whether he still has that aspiration.

The honorary chairman is not content, however, simply to be a passive observer of events. He proved that during an interview on TV the day before yesterday, when he put forward the idea that the SMP might support the reelection of Mauno Koivisto in the presidential election. The idea is not a new one,

considering that the SMP did in fact support Koivisto the last time even though Vennamo was its formal candidate.

The tactical nature of Veikko Vennamo's proposal was made evident by the fact that he expressly foresaw a situation in which a nonsocialist government would be formed, the implication being that if the basis for forming a government is different, the SMP's convictions on the presidential issue may be completely different. So that is the line of reasoning being adopted by Finland's former master of political tactics.

We will see whether dad can convince his son to go along with him.

11798

CSO: 3650/112

PAPER VIEWS POLITICAL REALIGNMENT AS NEW GOVERNMENT STARTS

SDP Motives Examined

Helsinki HELSINGIN SANOMAT in Finnish 26 Apr 87 Sect III p 1

[Commentary by Pekka Vuoristo]

[Text] Why are the Social Democrats itching to be in the government? Kalevi Sorsa has in a moment taken back all that he has said about the Conservative Party over the years. A class conciliation with its previous archenemy will now save the Social Democrats from the horrors of opposition. At the same time that they remain in power, they can strike down Paavo Vayrynen and support the president.

For almost 18 years Kalevi Sorsa has repeated that of all the world's parties the Conservative Party is unsuitable as a ruling party for the Social Democrats.

Kalevi Sorsa inherited this dogma from the previous chairman of the SDP, Rafael Paasio, who had seen the government of the night of frost in 1958 and the Honka League in 1961 from up close. But Sorsa was not satisfied with repeating Paasio's dogma by heart -- he has tirelessly developed it.

Sorsa has positively luxuriated in the weakness and inferiority of the Conservative Party. He has made a political art form out of criticizing the Conservative Party, which does not lag far behind Sirkka Vennamo's ability to churn out slogans. "Tightening the chin strap", "gutter language", and "national dissension" have characterized the history of Finland's political expressions. The Conservative Party has represented "inequality and competitiveness" while the SDP has represented "equality and cooperation".

The Conservative Party's government itch has been ridiculed for a long time. Even in these government negotiations people have scoffed that Ilkka Suominen is going into the government like a good boy even with his traditional enemy if he cannot get in with his friends.

There has been much less amazement at how Kalevi Sorsa has at one fell swoop taken back everything he has said about the Conservative Party during his

political career and is now positively radiant while sitting opposite of Suominen. Why in the world are the Social Democrats trying to remain in the government now that they have suffered an election defeat and would for once have an opportunity to show the people the kind of destruction and havoc a bourgeois government could cause? And for what possible reason are the Social Democrats insisting on pushing their way in with the Conservatives in particular, their class enemy? What do they believe they will gain from this?

And how does Kalevi Sorsa have the muscle to lead a party in which there is a vocal left-wing opposition into this kind of an unholy government? A government program was put on paper in a couple days with dyed-in-the-wool members of the bourgeoisie, but the party's own platform is as bare as a worker's cupboard. It is supposed to be approved at this summer's party congress, which it appears will be a complete fireworks even without going into a blue-red government.

And where is the party's internal left-wing opposition hiding? There are, at least, 20 "red" Social Democrats in parliament, and, as far as is known, not one has angrily stated that we will not negotiate with the class enemy.

They Want to Be in Government to Rule

The desire of the Social Democrats to be in the government is explained by their hatred of Vayrynen. Hating Paavo Vayrynen is fashionable, and Kalevi Sorsa is the forerunner of this fashion. All Social Democrats know -- many by instinct -- that the worst that can be done to Sorsa is to betray this trust. If Sorsa feels that he has been betrayed, he will not forgive, whether the feeling is justified or not. The much talked about pranks of Vayrynen -- such as last fall's Eastern trade talks and the quiet work on behalf of devaluation -- have sufficiently aroused emotions.

The reasons for political actions are personalized easily, but Sorsa's indignation in the SDP is not an emotional issue. Since Sorsa has said directly that he will not go into the government with Vayrynen and that is final, a prudent Social Democrat will not continue a discussion of the subject.

Nevertheless, the humiliation of Vayrynen is not by itself sufficient reason for class harmony. The Social Democrats know very well that hitting Paavo is like punching a boxing ball -- the ball moves, but there is reason to take care that it will not come back and hit you in the face. Therefore, additional explanations of the presidential elections have been sought.

Naturally, Mauno Koivisto does not want to support a bourgeois government in the year before the elections because of his official position at a time when his own party is attempting to overthrow it from a position of opposition. Many Social Democrats point out that in his official position Koivisto is having problems which are better resolved with the Social Democrats than with Paavo Vayrynen before the elections. They are Finland's Eastern trade problems and its adaptation into an economically integrated Europe.

Neither Paavo or the presidential elections are even necessarily needed to explain the enthusiasm of the Social Democrats for the Conservative Party as a ruling partner. A sheer desire for power is sufficient: the Social Democrats want to be in this government since they want to be in government.

Immediately after the elections, the Social Democrats were enthusiastically on their way into opposition. But then the Pegasus of politics, Kalevi Sorsa, asked: What will we be doing there, bathing kittens?

The Social Democrats have worked hard for more than 20 years to acquire their present position and channels in ruling the state. During that time, they have promoted and also pushed through important reforms in social policy and labor policy, among other things. In a 10-year period -- beginning with the economic restoration government of 1977 -- they have improved economic life and the state economy even by rather non-socialist means. They consider present society, or at least its best aspects, to be their own achievement. It can also be considered Sorsa's life's work. What would happen if all the grandeur and glory were turned over to others?

Would we have the same kind of bourgeois government as in Sweden in the 1970s? It would realize its own election promise, but it would not dare to take anything away from anyone in fear of the Social Democrats. It would make concessions in every direction and would lead the state economy into chaos. The SDP could revel in opposition, but if it were to then win in elections, it would have to cover its tracks.

Or would we have the same kind of bourgeois government as in England? It would scrap the social security created under the leadership of the Social Democrats and would give the workers of old industrial communities their marching orders. It would force the Social Democrats into a tough opposition policy and labor market conflicts, and we would again have runaway inflation. And here "Sorsa's life's work" would disappear.

Or -- the worst case of all -- would we have a bourgeois government which in a restrained and controlled manner would take care of unemployment, the housing shortage, and other problems which the red earth government could not put in order? Then how would the Social Democrats use the ideological "profile" raised by opposition? The SDP, which was well on its way to becoming the universal party of the wage earner, would be gradually compelled to retreat to the dying plant towns, back to the world of smokestacks and overalls. Even there it would have nothing to do except concentrate on dividing up the pie or accelerating inflation.

If things go well for a bourgeois government, the opposition term could turn out to be long. Then the Social Democrats would also lose control of the official machinery. The distribution of power would go to a new group: previously nonaligned officials now carrying a Conservative Party membership card will, without a doubt, begin to pop up in civil service offices somewhat in the same manner as Social Democrats did at the end of the 1960s.

Since the alternatives are these, a president who is responsible for the economy does not want to place the SDP on the sidelines any more than Sorsa, who has made a special career out of "bearing responsibility". The SDP is a "party meant to rule", in opposition it is like an assistant professor who has lost his glasses.

Peasant Changes into White-Collar Worker

Since there is a desire to be in government, and since there is no desire to be there with Vayrynen, the choice left is the Conservative Party. Politics is this simple, and many Social Democrats admit this openly. But, if necessary, they also know how to explain class harmony from an ideological, social, and relevant point of view.

Since the red earth government was called a union of "workers and peasants" in the 1930s', it has now been surmised that power in Finland will henceforth originate from a kind of handshake between "blue-collar and white-collar workers". Such embellishments generally bore politicians, especially since white-collar workers and blue-collar workers fought so hard in making up the last income agreement that the country squires snickered. But it is conceded that the white-collar workers who voted for the Conservative Party are the key to this government.

For some time already the Social Democrats have argued that the Center Party has moved to the right of the Conservative Party. The Center Party's constituency is more conservative than the Conservative Party's and its positions regarding wage earners and the trade union movement are less flexible. The Center Party wants to idealize every single practical question while it has a need to prove that it is in reality a bourgeois party. When industry had to find channels of influence during Urho Kekkonen's era, the Center Party accepted the challenge, and it has been the errand boy of industry and employers in politics for a long time already. The myth of the Center Party as a party of the working peasant has been shattered, it has been replaced by a myth of a party of subsidized farmers, the propertied class, a Pellervoite food products dynasty, and industrial tycoons, the Social Democrats argue.

The Conservative Party, on the other hand, has changed from a party of country squires into a party of "people living on salaries". Industry, without a doubt, needs it for assistance, since it is in the government, but it can no longer just promote the cause of the country squire since, unlike the Center Party, it could lose its white-collar supporters. It is easier to build labor market harmony through the Conservative Party and thus secure the economy. And it is not necessary for the Conservative Party to ruffle the feathers of the bourgeoisie at every turn. It is bourgeois even otherwise and can handle matters from a practical point of view, calculate the Social Democrats.

Until now the Center Party has demanded a price from Finland's previous structural changes, the industrialization that began after World War II. But now the new structural change brought about by technological development is threatening the old industrial communities. The smokestacks of factories

are cooling off, and Finland must quickly direct money away from "subsidizing farmers" to a new, more developed industry. The structural change can no longer be impeded, it must be accelerated, we must advance ahead of the rest of Europe, but the Center Party is not willing to pay the price, accuse the Social Democrats.

Many issues desired by the Social Democrats have not become a reality in red earth cooperation: labor reforms, increased mobility of the labor force, reduction of farm support, tax reform, many urban services, day care being the most visible, as well as environmental policy. Perhaps these new-age problems can be managed together with the Conservative Party. A new kind of cooperation, in which there would be no need to think about the conflict of labor and capital, could arise in connection with the management of practical questions. The problems of at least a large constituency -- those working for wages and living on a fixed wage, those squeezed by taxes, those paying or looking for housing, urban residents threatened by unemployment -- are mutual, believe the Social Democrats.

It is these very prospects for the future which have silenced the SDP's left wing. Many left-wing MP's have begun to consider whether seeing the Conservative Party as the enemy is, after all, obsolete and old-fashioned in today's society. They recall that tough ideological questions were not asked before when it was necessary to cooperate with the bourgeoisie -- why are they being asked now? Now that the Center Party is seen to be to the right of the Conservative Party on the political map, then why in the world should left-wing Social Democrats demand cooperation with the Center Party and not with the Conservatives?

Dispersion of Alternatives Feared

The Social Democrats are being led into the government with the Conservatives regardless of the dangers.

No one believes in the danger of a party split. The bosses in the party are grateful to the left-wing MPs for the fact that they see the requirements of the situation and are not being obstructive. The left-wing MPs are satisfied since the parliamentary group was compelled to undergo a severe discussion to air things out because of the election defeat. Its spirit was good in the opinion of some for the reason that Kalevi Sorsa was not present, but on vacation in Rome. The events of the past election term -- such as increasing the amount of the strike penalty and adopting a constitutional package -- were remembered, and many views of the party's left wing were subsequently recognized to be correct. The red Social Democrats even praise the government program goals approved by the parliamentary group.

But now how to explain the concluded class harmony to rank and file Social Democrats? Many older working Social Democrats and the newer intellectual Social Democrats have had it drummed into their skull at an early age already that only a foolish worker would fraternize with the Conservatives. There is ~~no fear of a loss of votes to the SKDL~~ [Finnish People's Democratic League] even though the left flank will remain open since the fence is traditionally

high. Not all the Social Democrats will consider it bad if the SKDL becomes slightly stronger. But it is feared that increasingly more rank and file members will abstain from voting, and it is being asked: which factions will vote for the Social Democrats for the reason that they went into this kind of a government?

The most confident answer that some of those who did not vote in these elections will return to the polls just for the delight that the Center Party will be pounded down to size, and the remaining will vote once they see the results of government work.

In addition to the left flank, the right side may also lose votes. The Conservative Party and the Social Democratic Party have been alternatives for voters. In the opinion of many, the Social Democrats have been more credible since they have led the country. Now the Social Democrats are losing this advantage. When the primary alternatives are sitting together with an equal amount of credibility, many white-collar workers who voted for the Social Democrats may think that they should vote for the Conservatives for a change, there is no difference between them.

In order to cover up this fear, some Social Democrats have reached heights which would make acrobats of the Sirkus Finlandia proud. For example, Arvo Salo explained in SUOMEN SOSIALIDEMOKRAATTI that policy is made by opposing the ideas and plans of others; the Social Democrats will be able to oppose the Conservative Party in government better than the Center Party would be able to do.

Saló will most likely not be a government minister so that he will not have to find out how this tactic will work in practice as a basis of long-term cooperation. But many other Social Democrats calculate that if the SDP does not take the prime minister's post and thus does not keep the government together, it can raise its "profile" by seeking subjects of dispute with others and proclaiming them to the world. Thus the SDP would become the Vayrynen prankster of the new government.

Those Social Democrats who are slightly closer to the government's door approve this kind of thinking only to the extent that the Conservative Party will finally have to take a position on practical questions. In this situation the SDP may acquire a "profile" without really trying. In practice, one cannot go into the government just to fight, they say, even though bluish red is also the color of a bruise.

Conservatives Facing Leadership Problems

Helsinki HELSINGIN SANOMAT in Finnish 26 Apr 87 p 2

[Editorial: "Conservative Party's Leadership Problem"]

[Text] Ilkka Suominen has announced that he is willing to continue his career as chairman of the Conservative Party, which began in 1979, at least for still another term. Suominen's announcement was expected. He has in his

back pocket the most significant election victory in the history of the Conservative Party, the consequence of which is an end to the party's 21-year term of opposition. Suominen was unanimously proclaimed the leader of the Conservative Party in June in Oulu in a joyful mood.

However, it is paradoxical that Suominen's position as leader of the Conservative Party is, in fact, now more shaky than ever before. Many signs point to the fact that the Conservative Party may experience an outright leadership crisis unless the situation is corrected.

In practice, the Conservative Party has two leaders, one official and one unofficial, at this time. The unofficial leader is stronger than the elected chairman. Presidential candidate Harri Holkeri would strengthen his position even more as prime minister. He would, without a doubt, become the real leader of the Conservative Party. This situation would be extremely troublesome from Suominen's point of view. He would be Holkeri's eternal apprentice, whom he at one time chose as his successor.

Even though Suominen changed his mind to support his party's entry into government with the Social Democrats, certain facts cannot be ignored. He made some politically incorrect evaluations which aroused attention after the elections. Suominen had himself elected as speaker so that he would be able to play first violin in the government's orchestra. However, this brazen tactic went beyond the tolerance level of the president and the speaker was left to play with a reed instrument.

Suominen's allegiance to one card or to Paavo Vayrynen in the government play turned out to be a rash decision also. It is understood, however, in the Conservative Party that the chairman was only doing what was best for the party. Suominen believed that the support of Vayrynen's prime ministership would be the surest method of taking the Conservative Party into the government. He did not put the same emphasis on the party's other important goals -- for example, the appointment of the official presidential candidate.

Going in a different direction than Holkeri regarding government solutions also did not present a very convincing picture. Holkeri won the arm wrestling contest. The party walked unanimously over its leader.

Normally, circumstances for a party leader after a policy defeat would be awkward before a party congress. In addition, effective relations with the president have been required for many years already in the Conservative Party. Holkeri's relations are markedly excellent, Suominen's are not.

However, Suominen does not need to fear for his position. His mistakes have remained on the back burner in this government fever. Also there is no one in the Conservative Party who could or would want to attempt to replace or overthrow Suominen now.

However, reelection is not sufficient alone to restore Suominen's political credibility. Other displays of competency are also needed. Showing them is, however, difficult because of Holkeri's strong position. Being obstructive

with respect to Holkeri will easily result in a destructive competitive situation. The Center Party had its fighting doctors. The Conservative Party would have its intellectual mafiosi.

On the other hand, Suominen's own political career requires an independent stance. Otherwise, being in Holkeri's shadow will create excessively good conditions for challengers after a couple years. It is doubtful that Pertti Salolainen has yet buried his ambitions. And new challengers are always evaluating their possibilities.

10576

CSO: 3617/89

PAPER VIEWS COOPERATION PROSPECTS FOR NEW COALITION CABINET

Helsinki HUFVUDSTADSBLADET in Swedish 23 Apr 87 p 2

[Editorial by Larserik Haggman: "More Opportunities for Choice"; first paragraph is HUFVUDSTADSBLADET's introduction]

[Text] The basic readiness of the National Coalition Party and the Social Democratic Party to cogovern is analyzed by Larserik Haggman, who examines the drawing of new lines in the light of earlier presidential elections and government breakups.

Through the years it has become customary in Finland for the drawing of larger political lines to occur in connection with presidential elections rather than as an outcome of parliamentary elections.

Even when we look at the government breakup in 1966, when the so-called popular front period began, there is reason to be highly skeptical of interpretations which merely or perhaps even link it primarily to the outcome of the election.

It is entirely logical to see that breakup in the light of the forming of a coalition around the former president while at the same time having to assert that the popular front model never became really very popular in the midst of the political field.

It is a fact that the liberal majority in parliament between 1966 and 1970 benefited from broad center-liberal cooperation. But the fact that that majority, as such, was not decisive shows that it did not make a showing at the government level between 1958 and 1962 owing to the president's political address and the trend towards cooperation between conservative forces and Social Democrats.

It now appears that this trend is showing up in another political situation, but the question is whether those domestic political shades of difference have a particular role to play.

This time around, at least, after the spring parliamentary elections, the impression created by the formation of a government has strengthened the

basic assumption regarding the overwhelming importance of the presidential elections.

Going into this election, Center Party leader Paavo Vayrynen clearly aimed at reversing the 1966 position. Keeping in mind that in that year, very much as a result of pressure from President Kekkonen, the Center Party joined together with the left in the government, Vayrynen has now urged the Social Democrats to take the same step with the nonsocialists.

In response to this thinking it can naturally be said that politics cannot be reversed, that it is even harder in a nonsocialist society for the Social Democratic Party to take such a step than it is for the Center Party to co-govern with forces which in varying degrees want to alter that society.

Despite this, the Center Party's new drawing of lines has an obvious logic but appears to have failed--except in Vayrynen's case--because of the Social Democratic Party's unwillingness to go along. This unwillingness showed up as well in the president's speech at the opening of parliament, even if he used other arguments.

In this respect, Koivisto thus clearly opted for an alternative which was different from Kekkonen's. Provided one follows Vayrynen's thinking about reflected images.

Instead the president advocated a solution which has been tried in the labor market sector and at the municipal policy level. The fact that the solution also made its way into Social Democratic Party leader Kalevi Sorsa's policy of keeping the door slightly ajar obviously made it easier for Koivisto to desist from measures against the same camp which were as strong as those Kekkonen resorted to.

Thus far, then, the putting together of a government shows once again that the drawing of new political lines which are now coming into view is more associated with presidential rather than parliamentary elections, even if the traditional nonsocialist majority which has now arisen has provoked displacements or neglected them, just as it did in 1966.

We may naturally wonder whether this time we are dealing with the 1982 presidential election and the process of uniting around the victor or with the coming presidential election and outmaneuvering by challenger Vayrynen.

Regardless of which of the two above-mentioned alternatives predominates, it is quite clear that the presidential issue is casting its long shadow on what has taken place so far. And this completely regardless of which main points the combattants started with.

Interpreted in this light, the decision began to come into much clearer focus when it became clear on Tuesday that basic readiness for cooperation was to be found with the Coalition Party as well as with the Social Democrats.

When specific feelers about a program for a government start to be made and two more parties are invited to take part in the deliberations, basic

principles are no longer at stake but rather what prospects are there so the parties can agree in detail about a government and its program.

In this respect, the strong skepticism expressed by the Swedish People's Party might be noted even if it has always been obvious that the Swedish People's Party does not have such influence that it could determine the basic issue. Party chairman Christoffer Taxell made this clear just before the election, in HUFVUDSTADSBLADET, among other places.

It remains a fact that the whole effort for the drawing of new political lines, as well as the smaller parties' participation in the same, may meet with opposition as negotiations continue. But this will not alter the fundamental nature of the matter.

Even if negotiations about a program should break down over issues concerning marginal taxes, individual tax deductions, rent control or anything else, a dividing line in Finnish politics has clearly been crossed.

What this dividing line consists of is whether the Center Party in principle and perhaps in practice as well has lost its role as the party which at least theoretically is alone in choosing the path of cooperation on the traditional political scale.

What now appears to be happening is that both the Social Democrats and the Coalition Party are getting themselves into an electoral situation which can lead but does not have to lead to greater flexibility and more varied opportunities in Finnish politics.

At the same time, the present situation carries with it a challenge to the Center Party which strongly emphasized the tripartite nature of politics and the most basic dimensions of politics above and beyond the traditional conservative-liberal division.

The parallel with the Fagerholm government of 1948 could of course foreshadow Center leadership and might be designed to give inspiration, but the question is whether the leadership of the Center Party believes strongly that history repeats itself.

Meanwhile it is obvious that a government of the sort which is now being planned can expect both an aggressive Center Party in the opposition and the risk of wider dissatisfaction north of the Salpausselka Ridge.

Whether this dissatisfaction gets combined with the much longed for entry into the cities in the south is quite another issue, just as party cohesiveness is in such an odd situation.

From a national perspective, the process currently underway can produce far-reaching consequences depending in part on its result, in part on its duration.

The consensus debate and the pressure against it are in the process of yielding a decision about something which from the point of view of traditional society peace looks safe, but which, excepting the struggle for power, might also result in structural changes of a new variety.

12789

CSO: 3650/140

EARLY ELECTIONS SEEN FOR SPRING 1988

Athens I VRADYNI in Greek 9 May 87 pp 1,3

/Text/ By announcing (essentially undermining) the austerity policy being implemented by his government and by promising allowances through public investments and also private investments from the beginning of next year, Mr A. Papandreou has begun preparations for elections the most probable date of which will be the spring of 1988.

The confirmation about the dropping of the austerity policy, besides providing hopes for the future, also has a short-term goal of reducing strikes and providing a justification to the Left for a milder or no criticism at all against the PASOK government, with a long-term view of getting its help in the elections.

PASOK's plans foresee holding early elections in the first 6 months of 1988, prior to Greece's assuming once again the EEC chairmanship. Of course, the EEC chairmanship does not hinder national elections in a member country. Nevertheless, they are normally ruled out so as not to create a void or other problems because of differences of opinion on the part of various political parties and coalitions.

In this period, up to the spring of 1988, PASOK's leadership estimates that there will be an improved electoral climate favoring it.

1. Through the granting of unfulfilled promises for an improvement of the financial situation of all social classes.
2. Through an improvement of Greek-American relations that relate, first of all, to a settlement of the bases issue and the attainment of American investments in Greece. (It is to be noted that according to American estimates it is very likely, with the conclusion of the bases negotiations, that Mr Papandreou will announce elections so that the Greek people might "approve" the new agreement with its votes).
3. Through the establishment of an atmosphere conducive for dialogue or some calmness in Greek-Turkish relations.
4. Through demanding (or getting) more grants from the EEC for agriculture and for related projects.

Prime Minister Papandreou's speech before the ministerial council yesterday, that constituted a mixture of promises and self-criticism, revealed the government's intention to hold early elections.

Referring to the economy, Mr Papandreou said that a false atmosphere is being created that is not supportive of the attainment of the government's goals. References are made to topics regarding the economy that are not correct. The government has pledged itself to follow the policy now being implemented until the end of 1987.

He also stressed the need for following present policies and that it would be followed because otherwise the people would have submitted to sacrifices unfairly.

The government--he added--has not "been stuck" to implementing one stabilization program while ignoring the developmental program. Of course, because of the implementation of the value added tax, because of disasters and the Kalamata earthquake some deviation from the goals set by the government for 1987 has been observed. The rates recorded for approaching goals during the first quarter of 1987 were not what it expected. The deviation, nevertheless, is small and in no case does it mean that the stabilization program will be continued. The stabilization program is not going to be continued after 1987. After the end of 1987 emphasis will be placed on the developmental effort so that those (workers) who shouldered a big burden in the stabilization program would benefit from the developmental program.

Development will take place--Mr Papandreou promised--in coordination with both state investments in major projects as well as investments by the private sector.

He finally mentioned that the government's development policy will intensify with the 5-year plan.

In answer to specific questions, Mr I. Roumbatis, the government spokesman, made clear that pressures for deviation from the government's policy emanates from various organizations that he did not identify. He, nevertheless, ruled out the possibility of changes in the administrations of these organizations.

5671

CSO: 3521/123

EYP REORGANIZATION AIMS AT CIVILIAN STATUS

Athens PONDIKI in Greek 15 May 87 p 13

/Editorial: "EYP /National Intelligence Service/: Problems"/

/Text/ Tsimas is facing many (and, of course, still unsolved) problems in the onetime KYP /Central Intelligence Service/, the first being its substantive demilitarization.

Will the famous organizational chart be prepared?

What will be done with the personnel, specifically with the civilian EYP personnel that was in the service without having any specialization whatsoever and having not even high school language knowledge? Of course, you might say, one easy solution would be to have all those who do not have proper qualifications removed from the EYP. (The law regarding EYP specifically provides that those who are judged unable to come up to the increased responsibilities incumbent on EYP employees should be removed from the service. However, if this regulation were to be implemented half and even more of the personnel in the service would have to leave!).

It is said that Tsimas has made an important decision that in some way reorganizes the functioning of the service: he is setting up a permanent "operations center" that would operate around the clock and that will be charged with the collection, processing and evaluation of all information reaching the service day and night.

The decision to establish the center, non-existent up to now, was a result of estimates that the government's being given intelligence information by EYP during the recent Greek-Turkish crisis was not what it should have been.

While Tsimas is "getting into the swim," as the saying goes, a problem has arisen over who will assume the position of deputy director who would lend a hand in turning the service into a civilian one. Various solutions (to which PONDIKI referred last week) are being rejected one by one.

1. Tsimas does not want Stavrakas while the latter does not have much liking for Tsimas.
2. Tombras is not leaving OTE /Greek Telecommuniciations Organization/. Isn't it a joke?
3. Drosogiannis and his crowd do not want Bosimakis and Tzanakis whom Tsimas would have wanted but without the agreed upon opinion of the "big one" he does not do anything.

What are the other solutions being discussed?

1. Kyrkis, the present second deputy director, who has been retired but who was recently called back from the reserves, would become deputy director.
2. Retired Lt Gen An. Bouras, former YPEA /National Security Service/ chief (under Skoularikis), would become deputy director.
3. Kallias, former EYP chief of staff, would be called up from the reserves.
4. Two civilians, who have not up to now had any connection with EYP, would be sounded out for the position of deputy director.

The issue is expected to be cleared up in 10 days since Tsimas is not in a hurry. He wants to consolidate his position first of all, and rightly so, let's say so. The onetime KYP is hot!

5671

CSO: 3521/132

GREECE

POLITICAL

BRIEFS

UNEASINESS OVER DANGERMONGERING--The government is skillfully continuing to support dangermongering, uncovered by I VRADYNI a week ago, with special security measures involving military units. The most striking--and most obvious--of these measures was the transfer to the Ministry of National Defense yesterday noon of three M-113 armored personnel carriers on trailers. They were positioned at "sensitive" points of the Pentagon. Moreover, small detachments and 20 air force police were brought in from Goudi and assigned as double sentries at all gates of the Ministry of National Defense. Shortly before midnight and when the government had finally been assured that the newspapers had been informed about its dangermongering "measures" the Ministry of National Defense, through an urgent telegram sent via the Athens Press Agency to political editors, "informs" that "from today (yesterday), withing the context of normal military training, security exercises for units and camps are being conducted," as if exercises had been decided on at midnight! /Text/
/Athens I VRADYNI in Greek 13 May 87 p 1/ 5671

CSO: 3521/123

PCI'S NATTA OPTIMISTIC ON COMBINING REFORM, LAY FORCES

ROME LA REPUBBLICA in Italian 10-11 May 87 p 3

[Interview with PCI Secretary Alessandro Natta by Mino Fuccillo: "This Time We Can Enter the Government"; date, place not given]

[Text] Rome--[Question] Good morning, Honorable Natta, please explain to us why Italians should vote for you today?

[Answer] "I will tell you in two words: because this time we are going into the elections without fixed roles, because no one can be sure what his position will be after the vote. The DC does not have in its pocket the certainty of staying in the government, the PCI is not inevitably destined for the opposition, and it is not a given that the PSI can continue to serve as the scale pointer. Many think that in the end the elections will change virtually nothing. On the other hand, this time it is a free game for the voter: he can really bring to life new governments, new alliances. The voter can do so because the parties are presenting themselves individually for examination: there is no majority, there is no opposition. In short, this time voting for us can really mean changing government."

Seated at his writing desk, the Communist secretary drew small complexes of lines on sheets of paper and then joined them with precise pen lines. It was to some extent a chart of the conversation: with each complex a question, a problem, for every line an argument, a response. Natta's office is large and neat: everything in its place, everything in order, everything giving the impression of always being ready. And the PCI is also ready for the big jump. There is an atmosphere of cautious optimism at Communist Headquarters about the election result, and they believe there in the possibility of making the big jump: from eternal opposition to really and truly being in the government.

"Center Left Ended Up in a More Dignified Way"

[Question] And with whom will you form this government. Honorable Natta?

[Answer] "The majority we are aiming for is a majority of all the reforming and lay democracy forces. We are saying to the voters that it seems possible to us to build an alliance with these forces. However, I would also say that it is not only a matter of initials and alignments, it is not that one night we thought to list the names of some parties to see how we could reach 50 and more percent of the votes. Today we can talk about the possibility of a new

majority because the end of the five-party setup marks the end of a cycle."

[Question] Is it really sure that the five-party setup is dead?

[Answer] "That depends on the voters: I certainly do not think that the new majority is, so to speak, inevitable; the voter can really choose. However, what I do believe is categorically ended and shipwrecked is the effort, pursued since the Center-Left times, of ignoring at least one-third of the country, of the Parliament. Indeed, the five-party setup was the extreme effort to pretend that we did not exist: it ended up in a brawl for the governing, it ended up with much less dignity than the Center-Left."

[Question] Are you reproposing the idea that no one can govern this country without the PCI? Basically, the country has been governed for 40 years, and you have always been in the opposition.

[Answer] "Certainly one can govern without the PCI, and in fact governments and majorities have been formed without us: what one cannot do is declare the matter closed once and for all, decide that governments and majorities will always and forever be produced within a club of partners inheriting the rule. If that is how it operates, then it is no wonder that the partners dispute over the shares among themselves, and no one is surprised that these partners then govern poorly. I say and maintain that today all the parties have equal legitimacy to govern. If others say and maintain that only they have the license, that the programs are pieces of paper, and that what really counts is the ministers, then the voters should judge which idea of democracy they value more."

[Question] Honorable Natta, does the PCI really believe that it will govern in the next legislature, or is this only a dutiful flag to wave in the election campaign?

[Answer] "Look, even you remain incredulous in face of the fact that democracy in this country can lead to its natural consequences. I do not know if we will enter the government. I do know that the scheme that assigned the fixed roles of the parties is today a crumbled scheme. I know that it is possible that we may enter the government. I know that for this reason we are soliciting votes, and for this reason will exercise them after 14 June."

[Question] You have said you will be in the government with the Socialist and lay forces. What about the DC?

[Answer] "If we are in the government, the DC will not be there. And vice versa. If it ever was there, the prospect of an understanding with the DC has disappeared from our political horizon. The PCI and the DC are alternative forces, let us say also antagonistic. This should be clear by now, and if anyone also has doubts about this, no doubt is justified: are there really five fingers on one hand?"

[Question] Thus, in the government without the DC. You have already tried to form a majority with the others, and recently. Would you tell us what happened, and, above all, would you explain why what failed yesterday should succeed tomorrow?

[Question] "The five parties of the former majority had started the legislature with an agreement among themselves, and the transition to another majority within the same legislature involved a leap that many regarded as too abrupt. I understand, I did understand this concern. However, it is precisely that the new legislature will not emerge under the sign of the five-party setup, and thus the concerns should decrease. Yes, we already tried with Craxi and Spadolini when we proposed a majority and a government with the PCI, to participate in the referendums and to try to save the legislature. The morning that I met Craxi in the Chamber he did not say to me: let it be, it is unthinkable, impossible. Craxi did not say that the five-party setup was the only majority possible. We decided together that the key to resolving the problem was the PRI [Italian Republican Party] and Spadolini. One could compose a majority with the Republicans from both the numerical and political aspects. I said to Craxi: It is better for you to ask Spadolini to try. Craxi replied: I will do it. He also told me that he had made a proposal to the DC that very day. I asked him: Is it a new proposal? He answered: Still the same one. The two things appeared contradictory to me, but what interested me was that the attempt at a new majority was proceeding. And Craxi approached Spadolini. In short, Craxi did not say no. Even though the next day the papers reported that the group leader in the Chamber, Lagorio, had said with satisfaction that the PSI had "buried" Natta and the referendum majority on which he had been working. Thus, he preferred to pursue the impossible--the five-party setup and the holding of the referendums--rather than giving life to the new, a referendum majority that would doubly isolate the DC: excluding it from the government and defeating it in the pretence of preventing the referendum pronouncement."

[Question] And as for Spadolini, why should he say yes tomorrow to a new, different majority? Will a guarantee of the premiership be enough to finally convince the PRI?

[Answer] "I believe that a combination is possible with the PRI because of its characteristics, because of the nature of that party, and certainly not only because a premiership would be involved. However, while it is right to tell the voters in advance with whom and why we want to create a majority, we should not forget that without the votes all these will remain laudable intentions. It is the people who will decide in a month."

"We Must Exceed 30 Percent"

[Question] And what do you want from the urns, what must be the result so that the new majority can be born?

[Answer] "A good result for the whole left and the lay forces, as long as they clarify what they intend to do with their votes."

[Question] Thus, for you the important thing is that the DC must be defeated?

[Answer] "That seems obvious to me."

[Question] And what does the PCI expect? These days people are playing the game of "thresholds," that is, the percentage above or below which begins

victory or defeat: 13-14 percent for the PSI, 34-35 percent for the DC. What is your threshold?

[Answer] "We should go a little over 30 percent, we expect to go a little over 30 percent."

[Question] Let us take a look at the election campaigns of other parties: the PSI is talking about your subordination to the DC, in actual understandings, in committing understandings.

[Answer] "Already, the suspicion, the imagination. I have already said that it does not exist. Let Craxi rather say what he proposes, or is he perhaps thinking about seeking votes through suspicions?"

[Question] Speak directly about your relations with the DC.

[Answer] "There is no understanding on government with the DC. But that does not mean we will no longer talk with the DC. There are basic national interests that require dialogue with everyone. For example, the foreign policy that should be one of the entire nation. There are the institutional reforms."

[Question] In regard to these reforms, it seems, indeed, that you Communists are more in agreement with your declared adversaries the Christian Democrats than with the potential Socialist allies.

[Answer] "I think that radical changes can be made in the Constitution, but I do not believe in, I do not go along with, the institutional breakup that was also talked about at the Socialist congress. Above all, I distrust the institutional breakup proclaimed by those in the prime minister's office and who would probably like to return there."

[Question] You are referring to direct election of the head of state?

[Answer] "To that, but not only that. The electoral reform proposals that are directed toward further polarization of the consensus and of the political alignments do not seem to me the path to promoting political alternatives. And above all I distrust reform proposals made to order for the interests of one party. How, indeed, can one call for a presidential system while maintaining the proportional system intact? I understand that this is fine for the PSI, but one doesn't change the laws like one changes clothes, according to size."

[Question] But does the idea of two alternative alignments that would in fact alternate in the government please the PCI or not?

[Answer] "We have been, and continue to be, supporters of the proportional system. One can correct. We have already made proposals, and we are prepared to discuss those of others. However, we say no to a majority law, and not because it is not convenient for us. We say no because there are no mechanisms that can substitute for the political processes. Let me explain: now, the citizens have in their hands the weapon of the vote, they can create the conditions for a change in the majority. Then the parties can take the

necessary political decisions. All this is possible in this system, and there is no need, no reason to overturn it. And it is not true that the proportional system jams up everything: with the proportional system in Italy some parties have disappeared. And it is not true that the majority system always and everywhere compels aggregation. The numbers to produce another majority were present also in the Parliament that dissolved. The political will was lacking. Now the citizens will put in the ballot boxes a good portion of that will. Then we will be ready to discuss and to act to improve the system. But the ground rules of the issue must not be upset."

"It Is Not a Return to Mother House"

[Question] The PSI is your primary potential ally. Why, despite what you call the breakdown of the five-party setup, have the distances between Socialist and Communists not decreased? Why does the fruit of the leftist understanding never mature?

[Answer] "I do not agree: the situation on the left has improved since the time of the clash over the wage scale. For example, the PSI has realized that it made excessive concessions to the DC in regard to local governments, and in the union relations have improved. Certainly, we are divided in judgment on the five-party setup. We have also been divided by the latest developments in the crisis. Now, the exorcisms against the historic compromise bring us into difference, but that is only propaganda."

[Question] The PSI was also not pleased with your excellent candidates, considering that they involved enlistments like Berlusconi: Giolitti, Pintor. By the way, you were the "spokesman" in the PCI's removal of Pintor and the Manifesto. What has it proved today in offering the expelled a place on the electoral list?

[Answer] "Giolitti, Pintor; 1956, 1968. We paved their way. I am glad about these candidatures, and do you know why? It is not a matter of a return to the PCI, of reentering the mother house. There is another meaning to their candidatures: they maintain that a change is possible, and they are coming with us certainly not to make a career, or out of anti-Socialist spirit, they are coming with us because the game is open and worth the playing effort. Because the five-party setup has really failed, because democracy in Italy will suffocate if it is only the duel between Craxi and De Mita. And not only Giolitti and Pinto, but Foa, Arfe..."

[Question] Names that evoke and recall ruptures and dramas on the left.

[Answer] "Political and never personal ruptures. But you want a personal point of view, you want the PCI secretary to give evidence, well: if I have wounded, I am happy to heal."

[Question] What do you fear most for 14 June?

[Answer] "Abstentions."

[Question] Whom do you see as being in greater difficulty?

[Answer] "The DC and the PSI are facing a difficult election campaign."

[Question] In your judgment, is it more proper for the elections to be run by the Fanfani government, or would it have been better for the vote to be carried out under the Craxi government?

[Answer] "After the withdrawal of the DC ministers, the Craxi government could no longer remain in charge. However, the Fanfani government is certainly not the government above the parties that we had called for. I understand the anger of the Socialists, but perhaps they were wrong in their calculations, perhaps they thought that Fanfani would also give up, and that it would revert to Craxi. Instead, they should have had the courage to follow another course. May the electorate help them to do so in a month."

9920

CSO: 3528/122

CHANCES FOR SOCIALIST/LIBERAL COALITION IN 1990 WEIGHED

Labor Deputy Sees Chances

Rotterdam NRC HANDELSBLAD in Dutch 4 Apr 87 p 9

[Report by PvdA Member of the Second Chamber H.J. Roethof: "PvdA and VVD--Two Second Fiddles; Netherlands Politics Appears Mired for Years"]

[Text] Two days before the provincial elections, Joris Voorhoeve [VVD] belled the cat. In a speech in Haaren (North Brabant) he said that the VVD should not let itself be pushed "toward the right" by the CDA. The chairman of the Second Chamber group of the VVD stated that, as far as he was concerned, cooperation with the PvdA was not an impossibility in 1990, provided that the PvdA, on its part, would show willingness to "divert" its course a little more.

This amazing statement had no noticeable influence on the outcome of the elections. Within the VVD, however, it started people talking. The JOVD (Youth Organization for Freedom and Democracy), which held its congress in the Postiljon Hotel in Dordt about 10 days after the elections, showed warm agreement, as expected. But the new chairman of the VVD, Ginjaar, was not able to make any concrete predictions to the audience about future developments. About 10 days later, in a note for the Second Chamber group of the VVD, Voorhoeve announced, in an uninvited and unsupported remark, "that forming a coalition with the PvdA is not probable for the time being." It was a negative-sounding wording of a premise which originally was couched in positive terms.

Was it a matter of sounding the alarm and then rapidly disappearing? Let me state in advance that it is not that simple a matter. In the political corridors numerous VVD members are wondering whether the time has come already to actively broach such a sensitive subject. Naturally they themselves came to the conclusion long ago that it is quite possible to talk and work with those "reds" in provincial boards and municipal councils, and thus they are certainly prepared, in principle, to give it a try once with the PvdA (and D'66) in a cabinet formation.

The question is, however, whether the following will swallow that. For that matter, the same question--whether one should try it once with the VVD--could

be put to the PvdA following. For both parties there are pressing reasons to give the CDA the cold shoulder for once. But the flesh remains weak. Here we are touching upon the heart of the problems which faced the so-called Des Indes deliberation much earlier.

This Des Indes deliberation is composed of about 12 interested individuals from PvdA, D'66 and VVD circles and, on the initiative of the JOVD, and led by Geertsema, has been meeting once every few months for the past 10 years in a The Hague hotel, the name of which can easily be guessed. The motive for the deliberation was the 1976 submission of a joint bill by the PvdA and VVD for regulation of the abortion question. In December 1976 this bill was rejected in the First Chamber through the efforts of the majority of the VVD group. Thus already at that time it was clear that life is stronger than doctrine.

The objective of the Des Indes group nevertheless continued to be unalterably the bringing about of a non-confessional coalition. The most important feat of arms of the club is that the number of personal contacts between socialist and liberal politicians, which were practically non-existent in 1976, grew rapidly and, especially, that the non-confessional coalition has, in principle, become discussible since, prior to elections, parties no longer mutually exclude each other as potential partners in a coming cabinet.

The threshold which the Des Indes group was unable to pass, even if the parties were capable of it, is the creation of the psychological climate in which such an alternative cabinet formation truly could come into being. Until 1963 the three confessional parties, which later formed the CDA, held over half of the seats in parliament. The CDA, after it was founded, never has been able to hold either a few more or a few less than a third of the total number of seats. In spite of that, the CDA has since that time invariably formed part of a cabinet, just as that was already the case, for that matter, since the twenties.

This situation coincides with a CDA position of strength which is almost unpenetrable, not only in politics, but also in official and social life. Besides the fact that it is not good for a party to carry permanent government responsibility--the governor of Limburg said something to that effect recently when his party lost its majority position on the Provincial States board for the first time--such a situation considerably lessens the possibility of keeping politics inspiring and lively for the average voter.

Different Image

What actually is left to vote for when one knows in advance that the result will once again unavoidably be the CDA and VVD or the CDA and PvdA? Any possibility to come to a true comparison of programs, and in that manner to a choice of partners based on purely objective arguments, is replaced by the automatism that the CDA must in any event be included again. The low point in this respect was the refusal of Nijpels--for many years a devoted participant in the Des Indes deliberation--in 1982 to compare programs, at the invitation of Cabinet Informateur Van Kemenade, because the VVD was in any event heading straight for the CDA.

Dutch society has acquired a completely different image in the past few decades. In spite of that, after regional elections one doesn't primarily look at the mental viewpoint from which the actual problems ought to be approached, but at what the CDA does or does not want put on the agenda, and in what manner. Thus, in fact, only a function of second fiddle is reserved for the PvdA and VVD. Since the VVD gradually is losing votes, and since the option of a majority position of its own is not feasible for the PvdA, not even in cooperation with D'66, Dutch politics appear to be completely mired for years to come.

Naturally after 7 months in the government one cannot expect the VVD to terminate, without a direct cause, a coalition entered into for 4 years. The PvdA cannot be asked either to exclude in advance and under all circumstances any possibility of a future coalition with the CDA. Both parties and D'66, however, could do a great service to politics by showing the voter for once in word and deed that matters are being looked at and compared exclusively on substance, and that in future cabinet formations there will no longer be any chance of parties being played off against each other by the CDA. The credibility of the political business would in any event greatly benefit by that.

Commentator on Possibilities

Amsterdam DE VOLKSKRANT in Dutch 28 Mar 87 p 19

[Report by Jan Joost Lindner: "PvdA-VVD Coalition Is No Longer a Fantasy"]

[Text] The Hague--With a little bit of good luck, the Kok-Voorhoeve [PvdA-VVD] Cabinet can take office in 1990--or even earlier. Then the christian democrats will stand on the outside (for the first time since 1917), an appropriate punishment for an excess of political arrogance and for a policy of taking things easy. By that time Lubbers will probably have left and the new leadership (Van den Broek? Brinkman? Kremers?) appears to be rather controversial after the disappointing elections.

The PvdA and VVD get on reasonably well in spiritual matters and in the area of security (Voorhoeve in Foreign Affairs, van Mierlo in Defense), but socioeconomic compromises encounter resistance in the wings of both parties. The rightist liberals are considering a new party. The VVD and PvdA are emphatically retaining the possibility of governing again with the CDA after the next elections, if the christian democrats are at least willing to moderate somewhat their religiously tinted conservatism and fierce opposition to new legislation in the area of morality.

This is less of a fantasy than it seems. Minister De Koning said on Tuesday in DE VOLKSKRANT that he didn't have much hope for a coalition of PvdA and VVD. "Those two won't last with each other. Then great difficulties will arise in the PvdA, and also in the VVD." On the basis of this pleasant certainty he was able to make strong demands on the PvdA, specifically in the framework of already at this time "driving the piles" of a new coalition (in which the PvdA furnishes the construction workers and the CDA, the supervisors).

Criterion

Voorhoeve sees a coalition with the PvdA in a somewhat less futuristic perspective. If the social democrats let go of "the tendency toward the collective sector," such a coalition is impossible until some time in the nineties, he said last week in TROUW. He suggested it could take place sooner if the PvdA were to opt openly for the Kombrink/Woltgens line. But Kok doesn't appear to be at that point yet.

This could be a case of a vague criterion which is rapidly becoming less relevant. In the PvdA it is less and less a matter of the degree of etatism, but rather of the priority and forming of solidarity and equal opportunities. A VVD which has even less to offer in that respect than the CDA would do better not to enter into a coalition with the PvdA. After all, a social-democratic "New Realism," which makes too large breaches in the social nucleus of PvdA thinking, will certainly lose.

What is decisive, is the question of whether in the coming years the VVD will maintain its opposition to levelling, for example subordinating those entitled to benefits. Will the drifting liberals remain the same automatic intercessors for entrepreneurs and the higher income groups? Do they primarily want to destroy the government and the collective provisions, or perhaps carefully reform them: more selectively, less bureaucratically, and more focussed on participation?

Precisely in Voorhoeve--who is too intellectual for the sleepy VVD dogmatism--little signs of a more enlightened liberalism are noticeable from time to time. He seems a little more willing to take the low incomes into account. He announced he would come with substantive support for his Haaren concepts of "social liberal" and "sharply renewing." He did this after having promised Kok that Haaren was not an election stunt and that he is seriously looking for cooperation under the new VVD flag. (It would have been better the other way around).

Another interesting statement by Voorhoeve was that the VVD will take a firmer position with respect to nature and environment. Now that most of the laws have been enacted, it is a case of preserving them. "Considerable pollution is caused by mere environmental offenses. Those must be persecuted more firmly and more intensively, even though industry and agriculture may object at times."

This sounds like new liberal music. If the VVD leadership succeeds in this sense--that is to say, if it is also sufficiently convincing in its own circle--a PvdA-VVD cabinet in the near future is no longer a fantasy. Also, the joint aversion to the christian-democratic dominance and ambiguity can also be a strong motive and bonding agent.

It is difficult to predict, of course, in which direction the current, half beaten VVD will drift. Voorhoeve is the only candidate-leader of importance, although, tactically, he is not very strong yet, and there is great resistance

to a new strategy (which is the reason why a somewhat hypocritical game is played with respect to the meaning and the "newness" of the Haaren texts).

De Korte has been written off almost everywhere. With Zoutendijk and Kamminga, Nijpels lost his last old fighting buddies at the top. (Zoutendijk was the one who last summer predicted Nijpels' comeback after a ministership "in the lee," which was a doubly unfortunate remark.)

Korthals Altes still has considerable influence in the party, but his unpleasant role in all the fights during the Nijpels period didn't go unnoticed by many. Smit-Kroes has not had any chances for a long time now, and Winsemius might possibly be able to play a role in a somewhat more enlightened VVD, but for the time being he is far outside of consideration (due to VVD bungling during the formation).

Dispose

In the parliamentary group, younger, more enlightened VVD members play a more important role now that the Nijpels gang (with all its tactical disadvantages) has been disbanded. The distinction between VERONICA [Free Broadcasting System], TROS [Television-Radio Broadcasting Corporation] and AVRO [General Broadcasting Association] liberals is no longer valid. A new demarcation line for and against Voorhoeve's newer course is obvious, to the extent the new leader dares express himself more clearly and becomes stronger.

Thereby he will be able to dispose of the lack of alternative. The liberals agree on one point (but no more than that): an end must come to the aimlessness and internal agitation. The more conservative liberals can't wait to arm themselves against attempts by Voorhoeve and other enlightened members to give shape to a middle course, unless Voorhoeve's authority decreases through an excessively naive execution of his new leadership function.

New political leaders always go through a difficult period of at least 1 year; that is no less true for Voorhoeve than for Kok. The trade cannot be learned from a booklet. It is difficult to draw the line between democratic leadership of a party in evolution and groups and (newly awakened) ambitions turning into a football. And an aspect is almost always involved of former tender spots and of trivializing the substance of the previous period.

Voorhoeve is guilty of De Korte's blunder about the Japanese Emperor. His Haaren remarks evoked much criticism of a tactical nature within the chamber. Indeed, the form and timing could not be called fortunate. The attempt of Voorhoeve--together with the VVD administration--to save Zoutendijk as group leader in the senate had a Don Quixote-like quality. (If not for Zoutendijk's timely withdrawal last Saturday, the damage would have turned out much greater for Voorhoeve.)

None of this is good, but not decisive either now that no alternative is available and, after settling with Zoutendijk and Kamminga (the liberals are each other's best friends, one remarked in the fall), the personnel change has been completed. A new leader is allowed to make mistakes, certainly if they don't assume the size of his predecessor's blunders.

Theater Aspect

Voorhoeve has the intellectual capacity to grow rapidly in his function. For the rest it will be primarily a matter of political feeling and persuasive presentation. Thereby the well-known stories of "lack of charisma" are not very important. After Van Agt and Nijpels, the theater aspect of Dutch politics appears to have decreased in importance. There is no reason to regret that.

Recently it was said in the VVD, however, that a new strategy only makes sense if it opens up the possibility of a PvdA-VVD cabinet. That makes considerable sense, since "moving to the left" of CDA is a dubious criterion.

How the CDA will react to a more social and non-conformist VVD course is a very big question, however. At most one can say now that a CDU position of the Dutch christian democrats will become more likely, partly because the cultural conservatism after Lubbers' potential departure would get a freer reign. (Moreover, there is a temptation of wanting to profit by a rightward crumbling of the VVD.)

In de CDA, however, the cards have to be shuffled once again after the disappointing provincial elections. By no means does everyone there have the safe certainty of De Koning that PvdA and VVD will exclude each other for 13 more years. The threat of a loss in strength might very well become the most important impetus for the christian democrats to search for new ways.

The CDA is no longer a priori the demanding party in the cautious preparation of coalitions, even though De Koning creates that impression in his well-known, candid manner. VVD and PvdA now can take a more confident position, now that an alternative is appearing on the horizon (which is always a little farther away in the flat countryside).

That may even be reflected in the relations within the current coalition, although not in the short term, since evolutions within parties need time. Also, the VVD won't be in a great hurry with elections; neither will the CDA, for that matter. However, the government accord and practical cooperation in parliament do come under pressure if both the VVD and CDA are going to search for new positions for themselves.

Lubbers was right on election night: governing is becoming more difficult. Moreover, it is becoming more difficult for the CDA to continue to govern.

8700

CSO: 3614/61

POLL RESULTS SHOW PSD RISE, WITHOUT REACHING MAJORITY

Lisbon TEMPO in Portuguese 29 Apr 87 pp 8-9

[Text] The PSD [Social Democratic Party] is the only party which is likely to increase its electorate in legislative elections, achieving twice the vote of the PS [Socialist Party], its nearest rival; this is only one of the findings of a survey conducted recently by the ESEO [Socioeconomic and Opinion Studies, Ltd] for this newspaper. The opinion poll also reveals that the Social Democrats could not win an absolute majority in the Parliament.

As can be seen in Table 1, the survey found that 74.5 percent of the voters voiced an "absolute certainty" that they would vote, which means that abstentions could go as high as 25 percent of the electorate. This percentage is, incidentally, close to the abstention rate observed in previous elections. It should be explained at the outset that the table does not include abstention responses, so the percentages attributed to the possible competing parties are lower.

Continuing the analysis of Table 1, it is observed that the PSD would win 33.4 percent of the guaranteed votes, followed by the PS, with less than half this percentage, the PCP [Portuguese Communist Party], the PRD [Democratic Renewal Party], the CDS [Social Democratic Center Party] and the MDP [Portuguese Democratic Movement].

It may also be concluded that, even running alone (without the APU coalition), Alvaro Cunhal's party would supplant the PRD. On the other hand, the PCP's former partner, the MDP, would not elect even one representative to the Assembly of the Republic, given its poor showing.

The table then shows the results for the respondents who would "probably" vote. If we add the percentage of respondents who will "certainly" vote to those who will "probably" go to the polls, we get the following results: the PSD would have 38.4 percent of the votes, followed, in descending order, by the PS, with 21.7 percent; the PCP, with 11.8 percent; the PRD, with 11.4 percent; the CDS, with 5.6 percent; and, finally, the MDP, with 0.5 percent of the votes. The PS would receive about the same number of votes as in 1985, while the PCP, PRD and CDS would experience large losses.

Table 1. Survey Results Showing Voting Intentions, Vote Cast in Previous Election

	TOTAL	(1) EM QUE PARTIDO OU COLIGAÇÃO VOTOU						
		APU	CDS	PSD	PS	PRD	EM BRANCO (8)	N/S N/R
VOTARIA COM TODA A CERTEZA (2)								
VOTA CERTEZA (3)	74.5	87.5	90.6	91.7	85.2	75.9	65.4	18.6
CDS	4.8		50.4	1.3	.6			
MDP2	1.0			.3			
PCP	10.1	70.5		.2	1.1	1.4		.9
PRD	9.4	4.6		.5	3.5	48.6		6.4
PS	16.5	8.3	1.9	1.5	68.7	9.0	19.2	4.1
PSD	33.4	3.2	38.3	88.1	11.0	17.0	46.2	7.2
TALVEZ VOTASSE (4)								
TALVEZ VOTE (5)	13.2	11.5	8.5	8.3	12.7	17.4	34.6	20.5
CDS8		5.0	.7				1.4
MDP3	2.2						
PCP	1.7	6.0			.6	1.4		3.2
PRD	2.0	2.3	1.8	.2	1.5	7.1		1.4
PS	5.2	4.5		1.9	10.1	7.6	15.4	5.4
PSD	5.0		4.1	4.5	3.3	5.0		12.4
NAO VOTARIA (6)	2.8				1.3	4.0		11.4
NS/NR (7)	14.0	1.0	.9	1.9	3.3	8.7	19.2	64.0

Key; 1. Party or coalition voted for in previous election; 2. Would certainly vote 3. Would certainly vote for; 4. Would probably vote 5. Would probably vote for; 6. Would not vote 7. Don't know, no answer 8. Blank vote

As we said before, these percentages do not include the abstentions. Even if we distributed the percentage needed to reach 100 percent among the parties (in proportion with the percentages won by each of the parties), the PSD would still not come up to the 43 percent that is essential to elect the 126 deputies who constitute an absolute majority in the Parliament.

In the same table, it may be observed how loyal the voters are to the party of their choice. Thus we learn that 91 percent of those who had voted for the PSD in 1985 said they would certainly vote in the next election and, moreover, they were the most loyal to their party; 88.1 percent of those who had voted for the PSD would vote again for Cavaco Silva's party. The most disillusioned electors are those who had voted for the PRD on 5 October 1985; only 48.6 percent of them would vote for the party again. The CDS would also lose about half its 1985 electorate (50.4 percent). It is noted, on the other hand, that 46.2 percent of the survey respondents who had cast a blank ballot in the last legislative elections would now vote for the PSD. On a smaller scale, the PS would also gain votes among those who had abstained in 1985.

Table 2. Survey Results Showing Opinion of Various Proposed Coalitions

	TOTAL	EM QUE PARTIDO OU COLIGAÇÃO VOTOU (1)							N/S N/R
		APU	CDS	PSD	PS	PRD	EM BRANCO		
SE SE REALIZAREM ELEIÇÕES PARA A A.R., COMO DEVEM CONCORRER OS PARTIDOS? (2)									
SE SOZINHOS (3)	62.8	48.6	59.1	71.2	71.8	57.7	65.4	56.4	
FAZER COLIGAÇÕES (4)	29.3	48.1	38.2	23.3	22.8	39.2	34.6	19.1	
N/S (5)	7.7	3.3	2.7	5.2	5.0	3.1		24.5	
N/R (6)	1			3	4				
QUAIS COLIGAÇÕES PENSE QUE OS PARTIDOS DEVEM FAZER? (7)									
CDS+PS	1.5	2.7	2.3	9	3.4			2.4	
CDS+PSD	22.7		83.9	54.5	7.7	4.1		7.1	
CDS+PS+PSD	3.9		6.0	11.8				16.7	
PCP+PRD	4.7	11.2				1.4			
PCP+PS	3.4	8.8			6.2	3.0		33.3	
PCP+PRD+PS	17.9	52.2		1.1	11.0	3.5		16.7	
PRD+PS	23.0	14.7		3.2	32.6	65.6			
PRD+PSD	3.4	4.8		1.8	5.0	3.5	44.4		
PRD+PS+PSD	3.0			1.9	3.3	4.9	55.6	4.8	
PS+PSD	13.9		7.7	23.7	27.8	10.5		19.0	
OUTRA	2.6	5.7		1.0	3.0	3.5			
HOJE, SE HOUVESSE ELEIÇÕES, VOTARIA NO MESMO PARTIDO OU MUDAVA? (8)									
MESMO PARTIDO (9)	57.9	8.8	51.3	92.9	75.7	51.4		40.0	
MUDARIA PARTIDO (10)	29.8	89.0	41.1	5.2	18.6	40.9	61.5	13.2	
N/S	8.5	2.2	7.6	1.9	5.1	5.6	19.2	28.7	
N/R	3.8				7	2.1	19.2	18.2	
SE MUDARIA, EM QUE PARTIDO E QUE IRIA VOTAR? (11)									
CDS	1.8			30.2	1.5	1.4			
MDP	.6	1.1			1.4				
PCP	31.1	73.0		4.6	7.5	3.3		24.1	
PRD	7.9	7.7		13.1	20.1			31.0	
PS	17.9	13.0	4.6	52.1		34.9	25.0	20.7	
PSD	36.0	3.6	95.4		62.7	53.7	75.0		
N/S	.7					3.3			
NÃO VOTARIA (12)	1.0				4.1			6.9	
RECUSA RESPONDER	3.0	1.7			2.7	3.3		17.2	

Key:

1. Party or coalition voted for in previous election;
2. If elections were held for Assembly of the Republic, how should the parties run?
3. Alone
4. In coalitions
5. Don't know
6. No response
7. What coalitions should be formed?
8. If elections were held today, would you vote for the same party or switch?
9. Same party
10. Would switch
11. If you switched, which party would you vote for?
12. Would abstain

No to Coalition

One of the concerns of this ESEO survey was to learn how the citizens feel about party coalitions. The results were decisive, as can be seen in Table 2. Thus, 62.8 percent of the respondents feel the parties should present their own

slates to the electorate; 29.3 percent defended coalitions and 7.8 percent were undecided. Most of those who had voted for the PS in 1985 reject the idea of coalitions; the PS was followed, in descending order, by the PSD, CDS, PRD and APU. Incidentally, the APU electorate was divided, almost in half, between those who like and those who dislike coalitions.

With regard to the possible coalitions preferred by the electorate, it may be said at the outset that none of the possibilities won a significant number of sympathizers. The possibility which was best liked (by 23 percent of the respondents) was a PRD/PS coalition.

Looking again at Table 2, it may be seen that, to the question: "If elections were held today, would you vote again for the same party or would you switch?" the majority (57.9 percent) replied that they would vote for the same party. Only 5.2 percent of those who had voted for the PSD in 1985 would switch parties, whereas those who had voted for the APU were most likely to switch. This does not mean any mass exodus of votes from the APU, however. Actually, since it is foreseeable that the PCP and MDP will not run as the APU coalition in the upcoming election, it is perfectly reasonable that respondents who voted for the APU would reply that they would vote differently in the next election.

The PSD would benefit most from voter switches (36 percent), as seen in the last section of Table 2. Most of this new Social Democratic electorate is made up of individuals who voted for the CDS, abstained or voted for the PS in 1985, in descending order.

Viewed from another angle, half the votes which the PSD lost would go to the PS (52.1 percent), followed by the CDS, PRD and PCP. The votes lost by the CDS would go almost exclusively to the PSD (95.4 percent), with only 4.6 percent going to the PS. The PS lost votes to all the other parties; most of them would go to the PSD (62.7 percent). Finally, the PRD would lose votes to all the parties except the MDP, with most of the voters switching to the PSD (53.7 percent) and to the PS (34.9 percent). Regarding the APU electorate, 73 percent would now vote for the PCP, 13 percent for the PS, 7.7 percent for the PRD, 3.6 percent for the PSD and only 1.1 percent for the MDP. This means, then, that the PS and not the MDP gains by the dissolution of the APU.

Freitas Lost Electorate

The current ESEO survey included questions pertaining to individuals, as well as parties. The popularity of the president of the republic was one of the topics and the conclusions can be described as brilliant for Mario Soares.

Thus, to the question: "In your opinion, Mario Soares, president of the republic, has performed...", 8.6 percent of the respondents replied "very well" and 53.6 percent replied "well." Taken together, they total 62.2 percent with a positive opinion of Mario Soares' performance. As can be observed in Table 3, Mario Soares is viewed most positively among residents in the north of the country, among citizens over 55 years of age, in the more disadvantaged social classes and among residents of cities with over 30,000 inhabitants. It is noted that not a single respondent in Lisbon had a "very poor" opinion of Mario Soares' performance.

Table 3. Response to Survey questions on Soares' Performance, Choice between Soares and Amaral, Capability of Leaders to Solve Nation's Problems

	TOTAL	District				Sex		Age				Social Stat			No. inhabitants									
		Lisboa	Porto	(1)	(2)	(3)	(4)	MASC.	FEM.	18-34	35-44	45-54	55 or MAIS	(12)	C1	C2	(13)	Até 2000	2000 10000	10000 30000	30000 200000	Porto	Lisboa	
				VC/ BRAG COLEJ	GU/ VVR	FA/ SACB PORTA	SET/ EV/ BEJA							D (Alto)										
In your opinion, Soares' performance has been:																								
MUITO BEM (5)	8.6	7.8	9.1	8.5	18.0	6.8	2.1	10.5	6.8	10.5	12.6	4.7	6.6	18.7	6.0	9.5	2.7	7.3	11.9	9.3	10.4	10.4	7.8	
BEM (6)	53.6	53.3	61.2	54.4	55.5	50.4	43.2	59.9	47.9	54.5	41.3	52.9	59.2	58.5	55.5	51.4	51.2	51.3	51.0	60.6	62.0	60.0	53.5	
NEM BEM NEM MAL (7)	31.3	32.4	27.1	28.0	30.9	34.7	49.3	21.5	40.2	27.6	37.3	37.3	29.0	21.1	32.9	32.3	35.3	34.3	30.2	24.8	24.3	23.5	32.2	
MAL (8)	2.1	1.6	.8	2.4	1.2	6.1	.6	3.2	1.1	3.1	4.5	.6	.6	.7	3.2	2.0	1.9	2.3	1.3	1.6	1.0	3.5	2.8	
MUITO MAL (9)	1.1	.6	.3	.1	.2	1.2	1.4	.8	1.5	1.7	1.6	.2	.2	.1	2.1	1.3	1.4	1.3	.5	.8	.9			
N S (10)	3.1	4.2	.8	3.4	4.3	1.8	3.6	3.1	3.1	2.2	2.7	2.9	4.4	.8	2.0	2.3	2.4	3.3	3.5	2.6	1.5	1.7	3.3	
N R (11)	.2	.7	.4				.4	.1	.6				.2		.3	.3	.2	.9	.6				.6	
If elections were held today, for whom would you vote?																								
MARIO SOARES	63.1	62.7	70.7	52.6	70.4	63.3	68.1	64.9	61.4	65.0	61.2	58.3	64.4	57.4	63.7	63.8	65.2	61.0	68.1	70.2	67.2	62.6	55.0	
FREITAS DO AMARAL	22.7	23.7	19.8	29.2	25.8	19.4	11.5	30.9	24.4	23.3	25.9	22.6	20.7	35.5	24.1	19.4	16.9	24.1	16.2	21.1	22.0	25.2	26.1	
NÃO VOTARIA	8.7	9.2	2.5	10.5	2.3	13.3	14.1	9.8	7.8	5.7	12.1	13.1	7.9	3.4	8.7	9.4	11.9	9.1	8.2	4.6	8.6	9.6	12.8	
N S	4.6	3.4	5.7	7.3	1.3	4.1	3.3	3.6	5.5	4.6	.8	5.7	5.8	2.1	3.5	5.8	5.9	4.8	5.3	3.7	2.1	2.6	6.1	
N R	.9	1.1	1.3	.3	.1		3.0	.8	1.0	1.4		.2	1.1	1.7		1.7	.1	1.0	2.2	.4				
Which party leader is most able to solve the nation's problems?																								
ALVARO CUNHAL	5.0	4.3	2.2	2.6	5.4	5.1	15.7	6.2	4.0	6.0	6.2	2.6	4.7	1.0	5.0	6.8	5.2	3.2	8.4	6.5	10.1	2.6	6.1	
CAVACO SILVA	47.5	47.1	47.5	54.1	59.4	40.3	29.6	46.2	48.6	44.8	43.6	46.2	52.9	61.2	54.7	34.5	49.2	48.3	47.7	49.7	46.7	49.6	38.9	
FREITAS DO AMARAL	3.3	3.4	2.6	5.1	4.0	1.9	1.5	3.1	3.6	3.9	3.8	1.1	3.7	3.1	2.3	5.0	2.1	3.0	3.5	2.0	2.4	6.1	6.7	
MARIO SOARES	13.8	15.7	17.6	12.8	14.6	8.8	12.0	13.6	14.0	14.2	17.9	13.2	11.7	12.2	14.5	15.7	11.0	14.1	11.8	12.2	16.3	8.7	17.2	
RAMALHO EANEZ	9.1	9.2	5.6	7.8	3.2	15.6	15.3	9.1	9.1	9.6	6.0	12.5	8.3	5.3	6.9	11.0	11.6	8.4	11.5	6.7	6.3	15.7	12.2	
VICTOR CONSTANCIO	10.5	7.9	6.5	7.9	9.0	23.8	13.2	12.3	8.8	10.3	16.2	9.4	8.3	10.5	10.8	13.4	5.3	11.3	9.4	12.9	9.1	10.4	5.0	
N S N R	10.8	12.5	18.0	9.8	4.4	4.6	12.7	9.5	12.0	11.2	6.2	15.1	10.4	6.7	5.8	13.6	15.6	11.7	7.7	10.0	9.2	7.0	13.9	

Key to Tables 3 and 4:

- | | |
|--------------------------|-------------------|
| 1. VC - Viana do Castelo | 5. Very good |
| BR - Braga | 6. Good |
| AV - Aveiro | 7. Average |
| CO - Coimbra | 8. Poor |
| LEI -Leira | 9. Very poor |
| | 10. Don't know |
| 2. GU - Guarda | 11. No response |
| VI - Viseu | 12. Lowest class |
| VR - Vila Real | 13. Highest class |
| BRAG - Braganca | |
| 3. FA - Faro | |
| SA - Santarem | |
| CB - Castelo Branco | |
| PORTA -Portalegre | |
| 4. SET - Setubal | |
| EV - Evora | |
| BEJA - Beja | |

Table 4. Response to Survey Question on Performance of Party Leaders

	TOTAL	District				Sex				Age				Soc. Stat.				No. inhabitants					
		Lisbon	Porto	(1) VC/ BR/AV COLEJ	(2) GL/ VVR BRAG.	(3) FA/ SACB PORTA	(4) SET/ EV/ BEJA	MASC.	FEM.	18-34	35-44	45-54	55 on	(12) AB (Bairro)	C1	C2	(13) D. (Alb)	Abt 2000	2000 10000	10000 30000	30000 200000	Porto	Lisbon
ADRIANO MOREIRA MUITO BOM (5)	1.0	7	1.0	1.2	1.1	9	9	1.2	8	1.1	5	1.5	8	2.4	1	1.4	2	7	5	1.6		4.3	1.7
BOM (6)	15.8	12.4	17.2	16.8	15.5	24.6	8.7	19.5	12.4	13.5	20.9	16.9	15.0	27.4	16.5	13.9	9.3	16.7	13.3	13.7	18.4	13.0	16.1
NEM BOM/NEM MAU (7)	40.3	41.3	47.9	27.9	48.6	50.9	35.0	42.9	37.9	46.2	33.7	39.6	37.8	47.2	45.3	31.5	43.1	43.1	41.0	37.0	35.4	36.5	31.7
MAU (8)	11.8	12.5	7.5	12.3	15.5	5.7	18.9	12.2	11.5	11.7	16.2	10.5	10.5	12.9	13.0	13.5	6.8	10.5	12.8	9.6	10.4	19.1	19.4
MUITO MAU (9)	3.5	2.4	3.2	6.1	7	2.9	4.0	4.4	2.7	4.3	6.0	2.3	2.1	3.0	3.7	5.1	1.1	2.4	3.9	3.5	8.1	10.4	3.3
N/S N/R (10-11)	27.6	30.7	23.3	35.7	18.6	15.1	32.5	19.7	34.8	23.1	22.6	29.3	33.9	7.2	21.4	34.7	39.4	26.6	28.5	34.7	27.7	16.5	27.8
ALVARO CUNHAL MUITO BOM	3.1	7.0	2.0	2.5	2.0	1.3	1.8	4.8	1.7	3.3	1.3	3.3	3.9	2.8	3.0	3.1	3.6	2.2	3.3	3.8	6.4	5.2	4.4
BOM	16.5	14.6	13.5	15.7	10.2	19.2	19.8	17.9	15.2	22.8	15.7	15.0	11.1	25.4	18.6	15.3	8.9	12.1	20.2	18.0	32.0	15.7	23.5
NEM BOM/NEM MAU	30.7	24.2	30.3	27.4	21.3	50.7	37.9	31.9	29.7	30.9	32.9	34.6	27.4	28.2	28.1	32.7	32.7	37.3	24.1	25.4	24.2	20.9	17.2
MAU	23.6	22.7	33.0	29.4	12.7	15.7	18.3	23.6	23.5	22.1	23.0	17.6	28.6	18.0	25.6	20.7	29.9	24.4	24.6	19.7	21.4	23.5	23.9
MUITO MAU	18.6	20.6	16.2	16.1	45.7	8.1	8.5	17.2	19.8	16.4	22.4	16.4	20.2	22.8	19.5	18.9	13.7	17.4	22.4	22.1	11.9	27.8	17.2
N/S N/R	7.5	10.8	5.0	8.6	8.1	5.0	4.2	4.6	10.1	4.7	4.6	13.1	8.8	2.7	5.2	9.3	11.1	6.7	5.4	11.1	4.2	7.0	13.9
JOSÉ TENGARRINHA MUITO BOM	7	1.8	6	1		4	9	1.2	2	8			1.2	8	2	1.0	7		2.1	2.5	8	9	
BOM	6.6	7.8	2.9	2.8	7.2	3.9	19.9	7.7	5.5	5.4	7.4	5.7	7.8	7.0	6.3	6.0	7.4	3.5	12.6	10.3	12.9	3.5	7.2
NEM BOM/NEM MAU	34.5	31.0	37.3	28.8	19.0	48.5	49.6	36.8	32.3	36.8	33.5	34.0	32.7	39.1	33.7	29.9	39.5	38.1	27.1	28.5	38.8	33.9	27.8
MAU	19.0	21.2	17.6	24.8	9.5	16.9	15.6	20.4	17.7	19.5	20.8	17.9	18.1	19.0	24.5	17.7	14.1	30.5	19.1	12.6	11.9	11.3	26.7
MUITO MAU	13.6	15.4	10.9	9.1	33.6	13.7	3.9	14.0	13.2	13.2	15.5	17.5	10.9	22.8	12.5	14.5	6.6	10.7	20.1	19.0	8.6	20.9	9.4
N/S N/R	25.7	22.8	30.7	34.5	30.7	16.6	10.0	20.0	31.0	24.2	22.7	24.9	29.2	11.3	22.9	31.0	31.6	26.2	19.1	27.1	27.0	29.6	28.9
RAMALHO EANES MUITO BOM	2.0	2.8	6	1.5	1	6.6	3	2.1	1.9	2.0	4	4	3.7	6	1.3	2.6	3.0	1.6	2.8	3.4	1.3	2.6	1.7
BOM	17.8	19.0	13.6	14.3	9.8	24.7	29.1	19.0	16.7	15.5	14.5	22.4	19.3	10.3	17.9	20.5	18.7	15.9	26.0	17.9	17.5	17.4	16.7
NEM BOM/NEM MAU	36.8	29.2	42.9	42.3	19.8	39.9	44.2	36.6	37.0	39.2	46.0	30.4	33.2	43.7	34.9	35.8	35.7	39.7	32.0	33.9	42.5	37.4	25.6
MAU	23.2	19.2	26.8	26.3	32.1	18.6	15.7	24.6	22.0	26.9	15.8	20.4	24.6	18.0	28.7	18.6	27.5	26.2	18.9	16.7	18.3	19.1	25.6
MUITO MAU	13.1	14.4	11.3	8.8	30.5	5.4	5.8	14.0	12.2	12.2	15.1	13.9	12.5	24.7	13.2	12.0	5.9	10.8	15.0	16.5	14.2	17.4	16.7
N/S N/R	7.1	11.3	4.8	6.9	7.6	4.8	4.9	3.7	10.2	4.3	8.1	12.5	6.7	2.6	3.9	10.5	9.1	5.7	5.3	11.5	6.3	6.1	13.9
VICTOR CONSTANÇO MUITO BOM	2.9	3.1	1.3	1.6	4.3	8.5		3.8	2.0	1.7	2.5	4.1	3.7	1.8	3.4	3.1	2.7	3.5	2.6	4.1		1.7	6
BOM	19.7	16.8	22.4	12.3	14.5	37.3	23.5	22.0	17.6	24.8	23.1	13.5	16.0	22.6	24.2	16.2	17.5	18.8	18.5	24.4	25.1	19.1	16.7
NEM BOM/NEM MAU	39.0	37.5	46.1	34.9	37.1	31.3	51.8	41.4	36.8	40.0	40.5	38.7	37.3	40.1	36.5	40.9	38.2	44.3	29.5	41.0	34.8	32.8	
MAU	14.5	11.5	14.4	22.0	16.7	8.0	9.4	14.3	14.6	17.9	13.0	11.3	13.5	22.7	15.6	12.5	10.1	15.3	11.4	10.4	12.9	19.1	18.9
MUITO MAU	6.3	9.9	4.8	4.1	12.3	1.2	6.0	6.1	6.5	4.5	6.7	9.7	6.2	7.6	7.5	6.8	2.9	4.5	10.0	10.5	5.2	10.4	5.6
N/S N/R	17.6	21.3	11.0	25.2	15.1	13.7	9.4	12.4	22.4	11.1	14.2	22.8	23.4	5.2	12.8	20.5	28.5	17.2	13.2	20.9	15.7	14.8	25.6

(Technical Note)

Universe: Residents of mainland Portugal over 18 years of age.

Sample: 1,200 respondents randomly selected by the Random Route method for household and the Kish method for individual within household. The sample was nonproportional and weighted in the data processing phase.

Sample points: 91 starting points for selection.

Interview technique: Direct, personal interview, using a structured questionnaire.

Field work: Survey conducted between 8 and 20 April.

Margin for error: Plus or minus 4 percent for a confidence level of 95 percent for p equals q equals 50 percent.

Responsible institution: ESEO

Another question sought to ascertain how the electorate would vote if presidential elections were held today between the two strongest candidates in 1986. The survey results were disastrous for Freitas do Amaral. Mario Soares received 53.1 percent of the votes (he won 51 percent in 1986) and Freitas do Amaral dropped to 22.7 percent (he received 49 percent of the votes last year). These percentages are low, because they do not take abstentions into account. However, even if we weighted the percentages by apportioning the abstentions, Freitas do Amaral would still be a long way from the election results of 1986.

The prime minister is also unquestionably popular. In effect, with 47.5 percent of the opinions favoring him, Cavaco Silva leads a list of names of individuals most capable of solving the country's problems. Despite his impressive showing on the previous question, Mario Soares took only a modest second place (13.8 percent) on this question. This disparity in the results for the two questions with regard to Mario Soares means that the voters are well aware that it is not up to the president to solve the problems afflicting the Portuguese, but rather the party leaders.

Victor Constancio was in third place, with 10.5 percent, followed by Ramalho Eanes, Alvaro Cunhal and, finally, Freitas do Amaral.

Party Leaders

The last question in the current survey was to ascertain the voters' opinion of the performance of the party leaders, excluding Prime Minister Cavaco Silva. As seen in Table 4, most of the opinions expressed regarding Adriano Moreira's performance were that it was "neither good nor bad." Only 1 percent thought it was "very good."

Regarding the communist leader, opinions are greatly divided among the possibilities presented: 30.7 percent found him "neither good nor bad" and 3.1 percent of the opinions were highly positive.

Jose Tengarrinha, of the MDP, is also average: 34.5 percent found him "so-so" and 7 percent gave him a "very good" rating. Ramalho Eanes, former president of the republic and current president of the PRD, follows the same pattern (36.8 percent and 2 percent, respectively), as does Victor Constancio (39 percent and 2.9 percent).

The conclusion to be drawn from these results is that most of the citizens have reservations about the party leaders.

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'ANTICOMMUNIST' ORGANIZATION SEEN MAKING INROADS

Lisbon TAL & QUAL in Portuguese 24 Apr 87 pp 8-9

/Text/ Operating out of Brazil, a 79-year-old university professor is spearheading a network of anticommunist organizations, including an enthusiastic and active branch in Portugal--the Reconquest Cultural Center--specifically responsible for recruiting youth "dedicated to the combat against heresy" and for arranging public-opinion campaigns, such as that whose objective was to boycott the film: "Hail, Mary."

For 13 years the Portuguese branch of an international anticommunist organization, headquartered in Brazil, has been carrying on activities aimed at preparing youth "for the combat against infidels and heresy." Its work is surrounded by the utmost secrecy, but, through several months of investigation and contacts, TAL & QUAL has managed to penetrate to the "soul" of the organization--and can now reveal that "the anti-Marxist training" involves boys 13 years of age and older who engage in intensive classroom work featuring ultra-Catholic doctrine, the history of the "glorious feats of the Portuguese" and karate.

In March 1974 at the time of the coup d'etat of the captains, a group of young Portuguese students, influenced by the ultraconservative campaigns of the Brazilian Societies for the Defense of Tradition, Family and Property (TFPs) decided to found the Reconquest Cultural Center in our country, the announced objective being to "combat socialist and communist infiltration in contemporary society." Although having sworn not to deviate from "peaceful and legal" objectives, the CCR began at once to give its members practical courses. And even now, the organization's youth receive thorough training in the techniques of physical combat with emphasis on the martial arts.

Organized in cells, with sectorial "controllers" who assure strict adherence to the various "training" activities, the CCR managed to weather the revolutionary storm of the 1974-1975 period without apparently getting wet. After the counter-coup of 25 November, headed by a group of the moderate military in which the then Colonel Ramalho Eanes pontificated, the anticommunist nucleus recovered its strength and gathered followers. It now has three official headquarters (two in Porto one in Lisbon) where "foreign" specialists, predominantly originating in Brazil, administer "intensive training" courses. The young members do not lead a hermit's life (many of them attend high schools and colleges where they are in contact with students of all political leanings)--but their life at the center is carefully bound by an iron "security" cord. The classroom work, courses and

intensive weeks are devoted entirely to "leisure activities," such as internal contests featuring urban and rural combat and "survival" expeditions in forests always arranged by the leaders "somewhere in the northern part of the country."

The methods have only one purpose: "To take whatever steps are necessary to combat the advance of the communist, socialist and collectivist aspects of Western societies"--in the words of a young CCR member who agreed to speak with our reporters on condition that he remain anonymous. "If the leaders discovered the source of information, I would have to leave the center and would very probably not escape persecution," he said.

The "philosophy" also has only one purpose: Inspired by the "traditional doctrine of the Catholic Church" (in obvious opposition to the "social doctrine"), the CCR fully adopted the precepts of the "soul" of the Brazilian TFP, Brazilian university professor Plinio Correia d'Oliveira. Archenemy of the "dissolute passions of man, particularly pride and sensuality," Correa d'Oliveira defined the "sources of evil" in 1959: The Humanism of the Renaissance, the liberty, equality, brotherhood trilogy of the French Revolution, the "utopianisms" of the past century, "egalitarian atheism," the "liberation of instincts," the "hippy revolution" and "collectivist escalation." Refusing to enter the political struggle openly, the Brazilian TFPs and their American and European "sisters" prefer to maintain the discreet status of "organizations of religious pressure"--even though their finger can be detected in certain campaigns, such as that in which Portugal actively and physically boycotted Jean-Luc Godard's "blasphemous film" entitled "Hail, Mary," in which Nuno Abecasis, president of the Lisbon Chamber, decided in 1985 to participate body and soul. CCR informants told TAL & QUAL that the TFPs were behind that campaign--some of their leaders even managing to be received in formal audience at the Council Palace in the summer of 1985.

"Inspired to take part in the concrete ideological combat," in the words of our informant ("in a concrete mania," in the words of a detractor whom TAL & QUAL heard in Porto), the CCR learned 13 years ago to recruit its followers from student circles. "We want the youth--strong in spirit, determined in action, thorough in their studies, totally at our disposal to combat heresy and blasphemy and free of commitments (family, social or professional) which could impede their action," TAL & QUAL's informant stated. In this regard, our reporters tried in vain to speak with tripe-seller Jose Antonio Domingues, president of Portugal's TFP branch. "He was away," was the only telephone reply we received for months from members of the center whose Brazilian accent was undisguisable.

Once captivated by the "principles of the organization," the young anticommunist undergoes a "transition period" in which, although in contact with the CCR, he does not have access to the "coordination organizations." Having passed the "trial by fire," he is accepted in a "study and preparation group" (almost always under the guidance of a foreign "specialist," mostly of Brazilian origin) who, at the end of about 2 years of militancy, confers upon him the status of "bona fide member." Recruitment is made among the youth of the masculine sex who are at least 13 or 14 years old and who are sometimes asked to "dedicate themselves completely to the task at hand--that is, to devote all of their energy to the "anticommunist combat."

A restricted group of young anticommunists literally lives at the three headquarters maintained by the organization: in Rua da Alegria and Rua Pereira Reis, in Porto; and in Rua Viana da Mota, in the Lisbon district of Alvalade. However, most of the column attends official schools and lives with the family, going to the center for theoretical and practical classroom work and participating in SEPACs (Weeks of Anticommunist Training Studies, as the organization itself acknowledges in its internal bulletin, "TFPs-Lusa") and in camping expeditions which the police authorities say are held in the Minho area. In some cases the center pays for the studies, finances "historical" research and provides each day's food for the most needy. Impeccably dressed in their bluish suits, the young CCR anticommunists do not differ externally from those of other sects of religious inspiration--like the Mormons or the "Children of God." "But their training is 100 times more practical and efficient," says our informant.

Until now, the CCR has limited its activities to "organizing public-opinion campaigns, recruiting conscientious youth and promoting the spirit of anticommunist and antisocialist combat. But our reporters have reason to believe that, in the case of a period of "democratic weakness," the Portuguese branch of the TFPs might try to influence the course of our national political life by firming up the central power. All the more so, as already stated, with the tacit and complete support of the most conservative sector of the Catholic Church, particularly the northern part of the Porto diocese.

Established in 1960, in the past quarter of a century the Brazilian TFPs have given rise to "sister" organizations in 12 other Western countries: Argentina, Bolivia, Canada, Chile, Colombia, Ecuador, Spain, the United States, France, Portugal, Uruguay and Venezuela. Plinio Correa d'Oliveira, the leader of the "mother house," is now 79 years old--and his presence in our country has been periodically noted and watched by the democratic authorities.

8568

CSO: 3542/95

POLL RESULTS SHOW GONZALEZ 'MOST INFLUENTIAL'

Madrid EPOCA in Spanish 11 May 87 pp 44-45

[Text] In this spring of 1987, power in Spain goes by the name of Felipe Gonzalez Marquez, president of the government. At least that is the way Spanish businessmen see it; they placed the Socialist leader well above the other public leaders on the national scene.

Felipe Gonzalez' lead is so strong that he has 1,983 points out of a possible 2,000. The person next in line is, to a great extent, an extension of his own power, since he is Vice President Alfonso Guerra; but he has only 1,142 points. Third place is held by the president of the country's top bank, Alfonso Escamez of the Central Bank.

Needless to say, for institutional reasons, His Majesty the King and the other members of the Royal Family have been excluded as possible candidates. Aside from them, any public personality could have been named by the businessmen (large, medium, and small) who made up the sample.

Pujol's Power

A look at the results leads to several general considerations: First, the preeminence of politicians, and more specifically, those of the Socialist leadership. The Socialist Party has been at the helm of the government with an absolute parliamentary majority for 4 1/2 years.

Another equally important conclusion is the predominance of the powers typical of a democratic society. The traditional estates are practically absent, with the significant exception of the Church: Cardinal Suquia, president of the Spanish Bishop's Conference, is noteworthy in fifth place.

On the other hand, not a single member of the nobility figures among the names mentioned, and the only military official on the list, Gen Alonso Manglano, holds a "civilian" post; since the last military reform, the CESID has been an agency of the Defense Ministry, with no direct ties to the Armed Forces.

It is also noteworthy that none of the 25 individuals selected as the most influential is on the list because of his personal wealth. Those in the financial world are, for the most part, management professionals. The richest

man on the list, Ramon Areces (owner of El Corte Ingles and related businesses), started from scratch and managed to build his empire on the basis of talent and effort.

Thus, the politicians rule the roost. The order in which they are listed is curious. After the president of the government, we do not see the leader of the opposition, but the vice president. Third place goes to the president of the Generalidad of Catalonia, Jordi Pujol, the only political leader, aside from those of the Spanish Socialist Workers Party (PSOE), who is governing an autonomous community with an absolute majority.

Antonio Hernandez Mancha is ninth on the list, the fourth-highest politician, with less than a quarter of the points garnered by Felipe Gonzalez. He can be consoled by noting that he is ahead of Julio Feo (another extension of the president's power), Adolfo Suarez, and Manuel Fraga.

The world of money appears to be dominated by bankers, primarily private ones. Alfonso Escamez, president of the Central Bank, and Jose Maria Lopez de Letona, executive vice president of the Spanish Credit Bank, the first- and second-ranking private banks in Spain, are in third and fourth place on the list, respectively. They are both ahead of the president of the Spanish Confederation of Business Organizations (CEOE), Jose Maria Cuevas.

Businesses and Unions

The other bankers named are the presidents of the Bilbao and the Vizcaya, along with the governor of the Bank of Spain (who is in 11th place, after three private bankers), and Miguel Boyer, president of the External Bank. Surprisingly, Minister of Economy and Finance Carlos Solchaga is only in 19th place, eight places behind the governor of the Bank of Spain who is his subordinate.

The leaders of the two major trade unions are rubbing elbows with the major economic leaders, with Marcelino Camacho (8th place) well ahead of Nicolas Redondo (16th place), even though the General Union of Workers (UGT) has obtained better results than the Workers Commissions (CCOO) in the union elections of recent years.

Besides the bankers, there are only three businessmen: Carlos Ferrer, Manuel Prado, and Ramon Areces.

The other sector included in the list of influential people is the mass media. The journalist with the highest ranking is the editor of ABC, Luis Maria Anson, who is in 12th place with 341 points. Juan Luis Cebrian, editor of EL PAIS, is in 18th place with 261 points.

Pilar Miro is the only woman listed. Despite the great power of television, she garnered only 164 points, and ranks 13th. This can be explained by the fact that she is a political appointee and is completely dependent on the government.

25 Most Influential Spaniards

Name	Position	Points
1. Felipe Gonzalez	President of the Government	1,983
2. Alfonso Guerra	Vice President of the Government	1,142
3. Alfonso Escamez	President of the Central Bank	944
4. Jose M. Lopez de Letona	Vice President of Banesto	871
5. Angel Suquia	President of the Bishop's Conference	868
6. Jose Maria Cuevas	President of the CEOE	867
7. Jordi Pujol	President of the Catalanian Generalidad	624
8. Marcelino Camacho	Secretary General of the CCOO	621
9. Antonio Hernandez Mancha	President of the Popular Alliance	466
10. Jose A. Sanchez Asiain	President of the Bank of Bilbao	464
11. Mariano Rubio	Governor of the Bank of Spain	460
12. Luis Maria Anson	Editor of ABC	341
13. Julio Feo	Sec. Gen. of President of Govt.	309
14. Emilio Alonso Manglano	Director General of the CESID	291
15. Adolfo Suarez	President of the CDS	289
16. Nicolas Redondo	Secretary General of the UGT	278
17. Carlos Ferrer Salat	Businessman	264
18. Juan Luis Cebrian	Editor of EL PAIS	261
19. Carlos Solchaga	Minister of Economy and Finance	247
20. Manuel Fraga	Former President of Popular Alliance	206
21. Manuel Prado y C. de Carvajal	Businessman	203
22. Ramon Areces	President of El Corte Ingles	201
23. Pilar Miro	Director General of RTVE	164
24. Miguel Boyer	President of the External Bank	159
25. Pedro de Toledo	President of the Bank of Vizcaya	158

Technical Card

Conducted by: EPOCA Documentation Services

Sample: Business population (large, small, and medium businessmen) throughout the national territory, with 2,000 interviews. Divided and stratified by autonomy and province.

Reliability: Not specified, since no attempt was made to define voting intentions.

Random selection of interviews, specified quotas for sex and age, 25 to 70 years of age. Interviews conducted in businesses between 15 February and 15 March.

8926

CS0: 3548/81

GONZALEZ, GUERRA'S PERSONALITIES ANALYZED, EVALUATED

Madrid EPOCA in Spanish 11 May 87 pp 70-72

[Commentary by Emilio Romero; passages enclosed in slantlines printed in italics]

[Excerpts] Suddenly, in the wake of the social upheavals of recent times, the news, the rumor, or the conspiratorial suggestion that Felipe Gonzalez will be replaced by Alfonso Guerra as head of government and also as leader of the Socialist Party itself has begun to spread throughout the political and press circles of Madrid.

No Logic

The main successes of our contemporary Socialist Party have been these two aspects: the fact that it found a leader with voter appeal, Felipe Gonzalez, and the fact that the two principal leaders of Socialism, Felipe Gonzalez and Alfonso Guerra, support a single cause, come rain or shine. The Socialist Party without Felipe Gonzalez would have no more than 120 deputy seats; and the Socialists headed by the two managed to attain power, to remain there throughout an entire legislative session, and to obtain an absolute majority in the following session. During this period, the two must have had many talks, and they must have been unable to agree many times. But this has not led to any schism, and it can all be credited to two attitudes shared by them: nobility, and compromise without confrontation.

The theory that Felipe Gonzalez is the "good guy" and Alfonso Guerra is the "bad guy" is no longer valid as we reach the end of the eighties. That was the arrangement in the beginning: Felipe Gonzalez was the shrewd one, Alfonso Guerra the satirist. Felipe Gonzalez' vocation has been to bring together, to unite, to use reason, to be realistic; Alfonso Guerra, on the other hand, had the spirit of a rebel leader, a mobilizer of loyal followers, a decisionmaker outside the enemy's castle gates, a sardonic reveler facing the adversary. And then came "the image." Alfonso Guerra laughs only when something strikes him as funny, while Felipe Gonzalez smiles at everyone in an understanding way, not hypocritical. Felipe Gonzalez was born to be a statesman, whereas Alfonso Guerra sees the state only as a form of power. Felipe Gonzalez takes action, while Alfonso Guerra stands guard. Felipe Gonzalez has a great talent

for sociability, no matter whom he is with or where he is, and Alfonso Guerra has little patience for social ritual or solemn formalities and protocol.

Both Need Each Other

It might be an exaggeration to say that Felipe Gonzalez and Alfonso Guerra constitute a /diarchy,/ because my hypothesis is that Felipe Gonzalez governs and Alfonso Guerra collaborates. But they are two personalities united by prehistory (Suresnes), by history (the opposition and power), and by metahistory, from now on. The confidence shared by the two is the most attractive and passionate story of the century, including, of course, the picaresque aspect of Spanish politics and literature. When the two met in Seville and decided to join forces from then on, they did not have the remotest idea of what Spain was really all about. And now they know it a little too well.

It was this confidentiality that joined together General Franco and that man of the sea, Carrero Blanco (who would ultimately be an admiral), for an entire lifetime. Theirs was not as intimate a relationship as Felipe and Alfonso's, but the principal events of the nearly 40-year history were marked by a high degree of community or communication. When confidentiality is accompanied by loyalty, very strong bonds are created. The fate of each of them--Felipe Gonzalez and Alfonso Guerra--is different. This does not mean that Alfonso Guerra's possibilities for becoming president of the government are limited. What I am saying is that this prospect (which I consider impossible at this point) would not take shape by means of a conspiracy against Felipe Gonzalez as a failure or as a victim. Successions are always possible in a party, but in this case I do not foresee any clamoring for a succession. The difficult phase of political and ideological reconversion is already over. We now see a "social democratic" socialism, not a radical, Marxist socialism. It has taken on the spirit of the European Economic Community, which is a liberal-capitalist board; and that of the North Atlantic Treaty Organization, which is formed by the armies of the West facing the risk or aggression of the armies of the Warsaw Pact, the armies of the purest disciples of Marx and Lenin.

The participation by the present Socialist Party in the constitutional construction of a parliamentary monarchy is a fact that has been recorded in history. The underlying cause of the current social unrest is the fact that the Socialist economic policy corresponds to the habits of the free world, to the effects of holding down wages as a concession in exchange for the fiscal drain of the Socialist program. Initially it appeared that Alfonso Guerra was to the left of Felipe Gonzalez, and that has been made very clear now that differences of opinion do not arise, although sometimes they may excite--falsely or genuinely--some journalists. But it is true that the external image of Alfonso Guerra, because of his character traits or his satire, appears to be more to the left; and the image of Felipe Gonzalez, because he must be an arbiter, a contemporizer, a realist, is more to the right. But all of this is something that has to do with their personalities, not with any strategy. It is also true that Felipe Gonzalez is more discreet and prudent than Alfonso Guerra. The other day something horrendous happened to Alfonso. Some workers, in connection with the Reinosa matter, asked him to establish new /ways/ of communicating between the government and the workers; then the

vice president of the government replied that the first /way/ that had to be opened was the railway, which had been blocked or destroyed during the disturbance. Felipe Gonzalez does not make use of this type of irony or biting wit. When Alfonso Guerra was asked in Parliament the next day about the dead animals in Donana Park, he answered that he didn't have a "ghost of an idea" about the matter. This caused great delight among his friends, and great irritation among his adversaries. These are the major differences between the two personalities, but that is irremediable.

Adversaries

The Socialists' adversaries in power, in terms of the manipulation that goes on, are the Communists and the Centrists. The former feel comfortable and consistent placing themselves to the left of the Socialists, because they are the pure and radical left for all time. It so happens that as a political party, the Communists are not just a testimonial power; more seriously, they are a residual power. But they have a decisive instrument that gives them staying power and enables them to keep the Socialists on the run and gain more seats in city governments, autonomous parliaments, and the national parliament: the /Workers Commissions/ labor organization, which was founded and led by Communists from the very beginning. Much of the current agitation is derived from that source. The positions taken by Gerardo Iglesias in Parliament and Marcelino Camacho in the business sector are stronger in this legislative session than in the previous one. The Communists will never leave the Socialists in peace, because that is where the profit lies for them. In the face of a liberal socialism, which is what we have, the Communists are raising the barricades of original, orthodox socialism.

The other adversary, as far as manipulation is concerned, is the /center,/ in its various families and attitudes. The /center/ was the Socialists' victim in 1982, and has had to put up with them since the democracy began. The most representative /center/ at this time is that of Adolfo Suarez, and he longs for a Socialism without Gonzalez so that it would be easier for him to gain power, just as Felipe Gonzalez found his battle against /centrism/ easier after the departure of Suarez. Suarez' problem is that, without the right or the Popular Alliance at his side, he has that bone to gnaw. He is not attractive enough, even after opening his doors to discontented Socialists and shipwrecked centrists. That gets him a little farther, but not enough to make him a viable alternative in power. The dialogue with the Catalonians or the Basques is always a post-electoral phenomenon that depends on the results, and nothing else. Thus, with or without Gonzalez, Suarez' aspirations will be difficult to achieve unless he gains some allies other than those described.

And the Socialists' great defense lies in the "vested interests." In modern times, Spaniards have been spoiled by the idea that only by being in power can one obtain benefits, advantages, and economic or administrative careers. The Socialists have installed an active or activist sector of their own cadres, and that will not be risked. And one other thing: Those who have been installed--and there are many of them--owe their positions to one legislative session; but now more largesse is expected during this second session, and a final "revolution of political patronage" will occur if the Socialists remain in power. This has been the case in Spain ever since the end of our civil

war. It is inevitable when there are schisms. The /center/ was a new political class in power, and it installed quite a few people in government jobs. Then the Socialists attained power on their own for the first time since the founding of the party, and they have placed thousands of people in civil service posts. Some say that this political patronage has benefited /100,000/ people because of the new creation of the autonomous states, which makes 17 new official bureaucracies in addition to the gigantic bureaucracy of the Central Administration. If we had many viable opposition parties, we would have a serious problem, that of /incoming/ and /outgoing/ civil servants. But the situation is even more difficult because those installed in the civil service have developed an undeniably strong administrative and legal presence in the face of political change. Only the handful of cadres in power could be forced out. But how could the constituents of the victors be installed? In any case, the Socialists have developed a new instinct, and it is preservation. They are no longer merely a party in power; using old terminology, they are "an installed class." Their ideological position has shifted to another plane; now they aim only at retaining power. And here is where it becomes incongruous, in my opinion, for the Socialists to replace Gonzalez, because that would pose the greatest risk of losing power.

In the Europe that we face today, and in the alliances we have subscribed to, traditional socialist ideologues have no role to play, and in fact pose a serious threat to socialism as it now stands. We are witnessing the decline of socialism because it mistakenly applied some classical ideology. There is no sign of any traditional socialist leadership in Europe, in the governments of England, France, Germany, or Italy. No such thing even exists in the United States, or in Russia. So it is other political behaviors, other strategies, that must be adopted to survive. The best representative of these "new times" for socialism is Felipe Gonzalez, and the only errors he has made have been when he felt compelled to remain true in some aspects to the old postulates. Consequently, for all these reasons, I do not see Felipe Gonzalez being involuntarily replaced by anyone. It would be quite another matter if he simply left one day because he felt like it, because he was burned out, or because he was practicing exemplary self-criticism.

8926

CSO: 3548/81

BOOK ON ELECTION SEES WIDESPREAD MOVE TO RIGHT

Class Identification Less Important

Stockholm SVENSKA DAGBLADET in Swedish 22 Apr 87 p 6

[Article by Ola Sall: "Far Fewer Voters Vote According to Their Class"]

[Text] Swedish voters have become restive. Far fewer characterize themselves as supporters of the party they vote for. For the first time, the Social Democrats are also affected by remarkably diminishing support among their own voters.

Between the 1982 and 1985 elections, the number of "party supporters" in the parties declined dramatically. The number of voters who characterize themselves as Social Democrats, Liberals, etc. fell from 60 to 53 percent.

The Social Democrats have always come out near the top in such surveys. The 77-78 percent figure for 1985 fell to 69 percent. Compared to other countries and compared to the nonsocialist parties, the figure is high, but it nevertheless marks a rapid shift. Dissatisfaction on basic issues and voters' ideological slide on the conservative-liberal scale are the reasons for this, a survey done at the Political Science Institute of the University of Gothenberg shows.

Shifted To The Right

Between 1979 and 1985, the number of Social Democratic voters who say they have the same position as the party dropped from 51 to 39 percent. At the same time, the number of Social Democratic voters who think the party is to the left of them increased from 36 to 48 percent.

"Most of them say that they have shifted to the right, not the party to the left," said Soren Holmberg who, together with Mikael Gilljam, conducted the survey, which is based on interviews with 2,600 people.

"This could be a harbinger of trouble for the Social Democrats. If this trend continues, many Social Democratic voters will change party in the next election."

More Unfaithful Overall

Overall the other parties as well have seen more unfaithfulness in their ranks (see diagram). More voters than ever, 16 percent, vote for different parties in parliamentary and municipal elections. The small municipal parties and the Environment Party benefit, whereas the Social Democrats are the most negatively affected by this split.

The two political scientists describe their results as a serious sign of crisis for the established parties.

Make Up Their Minds Late

Another sign of decreased stability, one which affects all parties, is the fact that voters wait until right before the election to make up their minds. Thirty-nine percent of voters decided during the campaign which party they would vote for. The figure has more than doubled in 20 years. Among first-time voters, a whole 66 percent made up their minds at the last moment. Twelve percent switched party during the campaign.

Most who switched party voted Liberal. During the campaign, the party attracted a whole five percent of the electorate, a record figure for Swedish elections. It was not basic issues but the popularity of the party leader, the so-called Westerberg effect, which was the most important reason for this, according to the researchers' analysis. The effect is also reflected in the highest confidence figures which any Swedish party leader has had from the entire electorate, even in parties other than the Liberal Party.

Issue Voting Increases

Swedish voters vote first of all according to class identification, the survey shows. But the significance of class identification is declining. Sixty-nine percent of workers vote according to their class identification, while 35 percent of the middle class votes for the same reason. The figures are the highest in the West.

"Nevertheless we may note that the socialist bloc did a poor job mobilizing its voters in the election. Eighty-seven percent of workers voted, which is the lowest showing since 1956," said Soren Holmberg.

A comprehensive analysis of the 1985 election reveals that issue voting increased and that ideologies are on the rise at the expense of class identification.

A marked trend in the 1985 election was that women and men voted differently. Far more women voted liberal while men voted conservative and gave five percent more support to the nonsocialist bloc than women did. The Conservatives, for example, received 23 percent of the male vote but only 15 percent of the female vote.

Conservative Wind

"The entry of women into the labor market and especially into the public sector has meant something, but there are also uninvestigated changes in sex roles behind this phenomenon," said Soren Holmberg.

The tendency of the young to vote for parties on the left has disappeared. In the 1985 election, the Conservatives received solid youth support while the Left-Wing Communist Party attracted mainly the "generation of '68," those in the 30-to-35-year-old age category.

The survey confirms a conservative wind blowing through the electorate, even in the Left-Wing Communist Party. At the same time there is nevertheless a liberal wind on social issues which may have saved governing power for the Social Democrats, according to Holmberg. This is true on such issues as social services deductions and non-reimbursable sick days.

The survey also shows that scorn and mistrust of politicians has increased.

"This trend has won out in most countries, especially the USA, but in Sweden the mistrust in the 1985 election was the highest ever."

Fewer voters, only three percent, were satisfied by the electoral campaign. Sixty-six percent said they thought there was too much party bickering.

A clear change shows up in opinions on environmental issues. In 1982, seven percent of those questioned said that the environment was an important electoral issue. In the 1985 election this figure more than tripled.

DIAGRAM CAPTIONS

Men's and Women's Votes for the Blocs

Women vote much more for the socialist bloc while men go in the opposite direction. This is a trend observable throughout the West. In the 1985 election the nonsocialist bloc received four percent more male than female votes, while the socialist bloc received five percent more female votes.

Far Fewer Identify With the Parties

Since those interviewed were asked about the "best party," they were also asked whether they identified with the party, whether they thought they were part of one. All the parties are losing members, even the Social Democrats, who previously received a stable level of support. The Left-Wing Communist Party does not appear in the diagram owing to the fact that few members of the party were interviewed.

Paper Comments On Conclusion

Stockholm SVENSKA DAGBLADET in Swedish 22 Apr 87 p 2

[Editorial: "Sweden En Route To Right"]

[Text] By the skin of their teeth, the Social Democrats assumed power in the 1985 election. In terms of voter support and the distribution of seats, the election was a loss. According to the party's own historiography, formulated by the party leader on election night, the electoral result shows that the Social Democrats succeeded in their most important mission, namely to repel the conservative wave.

This is a description of reality which is not much supported by a report about the 1985 election which was brought out on Tuesday. In their book "Voters And Elections In Sweden" based on a series of interviews with voters, authors Soren Holmberg and Mikael Gilljam make the analysis that precisely this sort of conservative wave became very strong in the election, and it led to an influx of voters streaming from the socialist to the nonsocialist bloc.

Conservative wave in this context means that in terms of issues people are drawn towards the right. This can happen if certain individuals change views but also if a segment of voters drops out and another emerges. According to Soren Holmberg, both things occurred.

People changing views on political issues can lead to their switching party as well. But that does not need to happen. They can also stay with their old party. But if in terms of issues they drop away from the party, this will naturally mean that the link to the party has been weakened and can break the next time around.

According to yesterday's report, voter migrations between blocs can be explained primarily by central right-left issues. The net effect was a negative one for the socialist bloc, and major reasons on the right-left scale were positions on employee funds, taxes, the size of the public sector, and room for the privatization of health care.

But the survey also provides an interesting message about voters' slide towards the right. Quite independently of the 1985 electoral result, it can be stated that nonsocialist views have grown stronger in the electorate. Above and beyond the issues already mentioned, a more positive reaction to radio and television advertisements, custody contributions, less government interference in business and industry, more market economy, etc. can be cited.

And voters are aware of their changing views. More than ever before say they are to the right of the party they voted for.

This is true as well for voters who stayed with the socialist bloc.

At the same time, it has been observed that voters have become a good deal

less tied to their party. More of them switch party between elections. More of them split their ballot for different races in the same election. Fewer of them say they belong to the core ranks of the party faithful.

No party can regard this development with greater unease than the Social Democrats. The conservative wave exists and the ones who run the greatest risk of being eroded are the Social Democrats; the old solidity which lay in unique, strong bonds of loyalty between the party and its electorate has been weakened.

In the phrase "we managed to repel the 1985 conservative wave" there is an element of a link with reality, except for the silly statement that Social Democrats rescued government, namely the fact that, instead of an expected advance, the Conservatives instead suffered a defeat.

But those views and principles the Conservatives stood for during the campaign and even a long time before it were precisely those which induced so many voters to cross the dividing line between the blocs--but to the Liberal Party, not the Conservatives.

The Conservatives lost to the Liberal Party. The survey gives two basic explanations for this. The first relates to the party leader; Westerberg took voters away from Adelson. The second covers rather soft reasons of the "the Conservatives took too hard a line, were too far to the right, etc." variety.

While the electorate's movement towards the right is explained by specific issues on the right-left scale, the voter influx from the Conservative to the Liberal Party can be explained by a personality issue and a general mood.

This shows that the Social Democrats made progress in their electoral campaign, which to a very great extent was aimed at showing precisely that about the Conservatives. But it was the Liberal Party that reaped the profits from the campaign.

It is a misunderstanding for a nonsocialist party to think it is automatically a tactical benefit to be replaced as the Social Democrats' principal opposition.

12789

CSO: 3650/138

PROSPECTS FOR ENVIRONMENT PARTY EXAMINED

Stockholm SVENSKA DAGBLADET in Swedish 22 Apr 87 p 2

[Commentary by Gunnar Andren: "Green Or Red For the Environment Party?"]

[Text] The public opinion poll figures for the Environment Party the Greens are illuminating. Both the Swedish Institute for Public Opinion Polls (SIFO) and the Institute for Market Surveys (IMU) show support of more than four percent, that magical barrier number, never mind the fact that many sympathizers, at least according to SIFO, are not sure whether the party should also receive their vote if the election were today.

Nevertheless things are not green for the Environment Party. We can also recall that since 1964 the more established and--despite its small size--indisputably well organized Christian Democratic Union has failed even with its own strength to get into parliament. Indeed, it looks like a three-year parliamentary hiatus to party leader Alf Svensson.

Might the Environment Party have a better chance to succeed?

Let us try to sort out the assets and difficulties of the Environment Party, which for the present is of such public interest.

On the credit side:

1. The party name. Environment Party the Greens. This looks attractive, sort of like The General Improvement Party. Who doesn't want to preserve a good environment? The basic feel of the Environment Party is positively pleasurable.
2. Cleanliness. As the established parties' established politicians assiduously battle one another over the theme "we're just as bad as they are," the Environment Party is sailing with a fair wind. The party is above squabbles over what was.

The Environment Party has no historical ballast to explain and protect, hasn't made any politically compromising decisions, its leaders are unsplattered by political mud slinging. Cleanliness and heroism are the concepts from which the Environment Party will benefit.

3. Unalignment. With all its might, the Environment Party is fighting being placed on the traditional left/right scale. The party is unaligned and claims its ideology is above partisan political squabbling and says it will only take positions on an issue.

4. Visibility. It might appear odd to include the slight and somewhat rhapsodic examination by the media to which the Environment Party has been subjected on the credit side. But the fact is that insufficient knowledge on the part of the general public about what a party or a party leader stands for opens up chances for certain voters to interpret the party's message in precisely the way the voter wants to.

Thus far the Environment Party has evaded the intense study of the issues to which the other parties have been subjected. In the non-print media, Environment Party leaders have had the opportunity to appear unchallenged. Its spokesman has also evaded questions about how the party will proceed in the event its original schemes disappear from parliament's agenda. Would the party then support the Social Democrats/Left-Wing Communist Party or the Conservatives/Liberals/Center Party?

The direction of the mass media's attention has formed a positive but incomplete picture of the Environment Party.

5. Thinking about the environment. The parties in parliament have had a hard time formulating a committed, reliable environmental policy. An important and not insignificant group of voters, not just the young, says that ecological considerations should come before economic considerations.

Given this, opponents cannot effectively speechify just in the usual partisan political expedient terms if the Environment Party chooses to pursue the debate on an entirely different plane, the survival planet.

On the debit side:

1. Single-issue party. Experience teaches us that parties that let one issue become more important than all others attract a significant number of voters for a limited length of time due to the urgency of their message. The textbook example from party politics is the Center and the anti-nuclear power campaign.

But we can also state that when the party got no further, a large part of its voter support vanished. The danger to the Environment Party is obvious, its somewhat vague electorate being susceptible to changes in the direction of the wind and as fickle as a spring breeze.

2. The prime minister issue. As long as the Environment Party manages to stay clear of the prime minister issue, that can be said to be one of the party's assets. But the minute the Environment Party enters the prime minister issue, it becomes untrustworthy: Is the party basically socialist or nonsocialist?

Is it red or perhaps blue-green? The closer we get to election day, the more difficult it will become for the Environment Party to present a straightforward message.

3. The party leader issue. The absence of party chairman--the Environment Party's honorable spokesman--makes it hard for many voters to identify with the party. If the Environment Party seriously wants to take its seat in parliament, the party will need to get an authoritative spokesman.

It is certainly no coincidence that the Environment Party leadership asked Agneta Dreber of the Stockholm chapter of the party to step in as new spokesman. With six years of experience in Stockholm's city hall, she cannot be accused of inexperience; yet at the same time, Dreber has managed to retain her charm; in the middle of heated political tussles, she stands apart from the somewhat worse-for-the-wear tribe of full-blooded professional politicians.

4. Lack of priorities. The policies of the Environment Party consist of 14 somewhat free-standing partial programs added onto something supposed to look like something unified. Social security and related areas are mixed with economic thinking whose distinctive elements are the small scale, isolationism, and hostility towards technology.

All else next to environmental policy tends to become equally important. Consistency, coordination, and political priorities are lacking. To make an impact on the mass media, partial measures are introduced which in and of themselves may appear attractive but which can be combined with difficulty. The party's tax policy is a mishmash of contradictory and therefore unworkable wishes.

5. Counterattacks. Thus far, the Environment Party has largely escaped criticism from the other parties. But as public opinion poll figures have risen, the party's period of immunity from polemics is coming to an end. (The prime minister's recent speech about how little the Environment Party was needed in parliament was one such portent.) As counterattacks are mounted, so too will the other parties hone their environment image so as to meet the threat which the Environment Party unmistakably presents.

And finally, the argument about the thrown-away vote.

If you want to influence policy, you have to vote for the party that will look after what you think is the most important thing in politics and in parliament. In the next election as well, this will be a hard, presumably the hardest, argument against the Environment Party.

It is hard to believe the Environment Party will turn up again in parliament after 18 September 1988. Or, put another way:

Things will probably turn red for the Greens.

12789

CSO: 3650/138

NATIONALIST LABOR PARTY BEING REVAMPED

Istanbul TERCUMAN in Turkish 10 Mar 87 p 11

[Text] Ankara -- NLP is being given a facelift under instructions from Alpaslan Turkes who has been meeting with various groups for the last 7 - 8 months. Turkes, leader of the defunct NAP, is spearheading an effort to change the leadership of NLP, a party which he wholeheartedly supports, without creating bad feelings among members, and seeing to it that the party enters 88 elections 'as a bigger force'.

The initial step towards the facelift has been taken by the resignation of the leader, Ali Koc, during a meeting of the party CEAC (Central Executive and Administrative Council). NLP will be holding an extraordinary convention on 19 Apr to elect a new leader. At that time, the size of the currently 40-member CEAC will be expanded to 66.

Public Presentation

Between now and the convention various activities will be organized to present NLP as an attractive proposition to former NAP members who may wish to return to politics as well as to the new rank and file. To that end, chairmen of provincial and district branches of the party will meet in Ankara on 20 March. And on 22 March a dinner will be given for former NAP provincial and district chairmen from the Western region. A similar function, this time for former chairmen from the Central region, will be held on 29 March. Furthermore, several social functions will be organized under the auspices of NLP. Thus the rank and file will be kept active until the convention, also revamping the party's image. And Turkes will be visiting various places during March and April, including Yozgat, Sivas, Erzincan, Erzurum, and Kutahya.

NLP's Problem

While the renewal of NLP leadership is taking place under 'coaching' from Turkes, finding former NAP members to man the party management is proving difficult. Since the former NAP deputies were all party council members they are subject to the 10-year political ban. And many of them are not supportive of NLP in any case. Therefore the new NLP leader would have to be someone from outside the ranks of former NAP leadership. Names of possible candidates are kept secret so as 'to avoid untimely exposure' and erosion of credibility. Moreover, despite the legal problems involved, an effort will be made to recruit as many former NAP provincial chairmen as possible for administrative positions, including those who may have received a sentence but not yet ratified by the Court of Cassation. Thus the message to the public seems to be: 'NLP where old NAP members meet'.

Raiding Other Parties

Following the 'revamping', carried out under instructions from Turkes, the second stage will be launched. Having had 'a new facelift and expanded power base' NLP will begin spreading its net over other parties. In particular, efforts will be made to secure the transfer of former NAP members currently in ANAP back to the fold in NLP ranks. Moreover, contacts will be made with individuals from the now defunct FDP.

12466

CSO: 3554/223

SIRMEN ON DEMOCRATIC FAILINGS OF CONSTITUTION

Istanbul CUMHURIYET in Turkish 13 Mar 87 p 3

[Text] If, as they say, nothing is ever lost in the universe and nothing new is created, what happens to the pool of knowledge, skill and experience accumulated by all gifted individuals? Does it vanish as they depart this earth, or stay around to enrich the minds of other people? If nature really abhors a vacuum, what does 'void in space' mean? Maybe that has a scientific explanation but how is it that here on earth a void can be filled by another void?

You are justified in being puzzled by all this -- in particular, with the thought of a void filling another void. It doesn't make sense, does it? But that is what has been happening since 12 Sep. If you ask whether there was a void on 11 Sep 80, nobody, except Mr. Demirel perhaps, could say there wasn't one. There was indeed a void of authority. And the incapacity of the civilians to produce civilian options was an undeniable fact. The question of who facilitated opening of the void, and how and to what end, does not invalidate that fact.

The void of authority that existed on 11 Sep was filled on 12 Sep. But how? It was filled by the void created by absence of democracy, lack of experience, lack of care, unprincipled behavior, lack of this, lack of that. And the void was filled with void. What happens when a void is filled with another void? Turkish people lived through all that, and felt it deep down in their bones.

Today there is another void. The government has no without a head. Mr. Ozal is lying in a hospital bed in Houston (U.S.), his health not permitting him to run the affairs of state. It is indeed an uncanny coincidence. Reagan, whom Mr. Ozal saw in Washington before his by-pass operation, is not in good political shape either, as dimensions of the Irangate scandal continue to expand. As reported by our friend Tanju Akerson from Washington last Sunday, the crisis of confidence arising from Irangate seems to be creating a serious void of authority. In any case, the next two years are expected to be characterized

by a weak President and a strong Congress. In such a situation, one might have expected Turkey to review and re-evaluate its relationship with Washington. But, quite clearly, that has not happened. If it was a mistake to agree to DECA on the basis of promises given by a weak Administration and by a 'Prince of Darkness' [Richard Perle] saying, "We'll do what we can" amid increasing rumors that he is about to resign, it is equally mistaken to say, "If the Congress passes the Armenian bill I won't be coming."

If this was a political move, it carries no clout or substance because no American interest comes under any threat. What if someone turns and says, 'Well, suit yourself'? What does he have to lose? But at a time when there is an increasing void of authority in the U.S. and Congress has declared war on the White House, such moves are not going to get strong support from the Administration. So it may end up becoming ammunition in the hand of opposite lobbies. The men of the Armenian lobby are likely to conduct a demagogic but effective campaign at the Congress, saying, "You who can withstand the threats of Reagan! Are you now going to capitulate under this threat?"

These facts have not been recognized, proper responses to the void of authority in America haven't been taken, and things that ought not to have been done have been done. But nobody is surprised since there is nothing unusual in all this. But back to the domestic void: No prime minister! At a time when Turkey is faced with intensive domestic and external problems the absence of the top man creates near paralysis. But a bright side is immediately found, or so some people think. It is announced that Mr. Evren will chair the Council of Ministers. And on Wednesday, he does. Once again, the void of authority is filled by a democractic void.

Now, some people would immediately jump up and say that Mr. Evren is merely using a prerogative sanctioned by the 82 Constitution, which was in the 61 Constitution as well. Yes, that's true. But it should not be forgotten that the 82 Constitution has introduced a system which is quite unique, and has aspects not encountered in any other system -- parliamentary or presidential. This system, increasing presidential control over the judiciary has also reinforced its authority at the expense of legislative and executive branches without providing accountability. Now, it could be said that these are all constitutional arrangements. But the mere fact of their being cited in the Constitution does not redeem their non-democratic features. Particularly when the document in question is a very controversial one, with regard to substance as well as procedure, like our 82 Constitution undoubtedly is.

A question may be asked: 'Why should Mr. Evren's chairing of the Council of Ministers create a void of democracy'? The answer is clear. In democracies there is no authority without accountability. In democracies prerogatives and responsibilities of presidents, their status vis-a-vis legislative and executive branches are clearly established, though in different ways. In the continental European system, which evolved through a process of incremental transfer of power from the ruler to elected representatives, the office of the president is nowadays largely symbolic. Perhaps the one good example of a presidential system which is truly democratic can be seen in the U.S. where the office of the president is powerful and responsible. But in the U.S. a president is not elected by a plebiscite but through a process of free elections. A U.S. president has political and legal responsibilities. Under no condition could he interfere with the business of the legislature, he cannot go over their head and hold a referendum, cannot dissolve the Congress and call elections. The presidential system, like the parliamentary one, is a system of checks and balances where authority and responsibility is clearly delineated.

Most systems come under the two categories already mentioned -- parliamentary and presidential. Any other system is called the 'presidentist' system, the best example of which has been the constitution of the Weimar Republic. Those who are curious as to how that particular system fared could do well to survey the history of the Weimar period which, of course, culminated in the Hitler regime.

That is why we say that Mr. Evren's chairing of the Council of Ministers is akin to filling a void with another void. This has nothing to do with the person of Mr. Evren. Though the announcement from Chankaya entails some positive features it does not relieve all the doubts because a 'presidentist' system creates a void of democracy.

An interesting aspect of the whole thing is that this non-democratic solution has been suggested by the leader of CWP who likes to be regarded as a defender of democracy. Cindoruk is busy going around the country talking about democracy and freedom, arguing that the 82 Constitution has be amended. The same Cindoruk who cannot live with political bans (we agree with him on that) somehow manages to live with the 'presidentist' system. No, it's more that that, he actually suggests it as a solution, thinking it perfectly natural that a void of authority be filled by an absence of democracy.

He really ought to be congratulated. He is in very good company. In the latest issue of KOPRU magazine, his mentor Suleyman Demirel boldly argues that in terms of the 1924 Constitution Turkey was an Islamic republic, meaning that the state founded by Ataturk was an Islamic republic. Well, birds of a feather... Or, like master like apprentice...

TCP MEMBER CHARGES U.S. SUPPORT FOR ANTI-SEPARATIST ACTION

Istanbul MILLIYET in Turkish 11 Mar 87 p 3

[Excerpt] The Speaker's Chair of the European Parliament has rejected calls for urgent discussion of two draft resolutions: One by Belgian member Jaak Vandemeulebroucke (also known for his pro-Armenian draft resolution) concerning Turkish army operations in the Southeast, and the other by Tzounis, a Greek member, concerning destruction of a Greek cemetery in Tarabya (an Istanbul district).

While the diplomatic onslaught aimed at Turkey has backfired for the time being, a TCP representative, participating in a symposium organized by the Communist Group within the Parliament, urged that Turkey should be pressured into lifting the martial law in Eastern Anatolia. At the symposium, arranged by the European Parliament Communist Group focusing on the Iran-Iraq war, TCP representative Mehmet Yasar urged that Turkey be pressured into completely lifting the martial law in Eastern Anatolia as well as putting an end to the alleged forced migration. Yasar maintained that the U.S. had given Turkey a blank cheque regarding operations in the Southeast, also claiming that Turkey is making preparations for possible intervention in the Gulf.

12466

CSO: 3554/223

CAPABILITIES, VULNERABILITIES OF ARMY'S AIR DEFENSE SURVEYED

Bonn WEHRTECHNIK in German Mar 87 pp 66-70

[Article by Wolfgang Flume: "The Army Air Defense Force"; first paragraph is WEHRTECHNIK introduction]

[Text] If one examines this journal's reporting on the German Army, its service branches and its weapon systems in recent years, then the artillery, followed by the armor branch, would--measured by the number of articles--probably have to be the most important and up-to-date elements of the army. Other service branches, in contrast, are lagging somewhat behind, which does not, however, hold true in the army itself. To be sure, the artillery and the armor branch as well as the engineers are currently making more headlines through new or planned equipment and if it were not for the "perennial subject" PAH-2, then everyone would not be talking about the army aviation either. The time, however, is already past when the army air defense force was prominent in the headlines. As early as the end of the 1970's and beginning of the 1980's, with the Gepard and Roland, it obtained up-to-date weapon systems and thus accomplished the broad and not always easy entrance into electronics earlier than other service branches. And in the future as well, electronics will not let go of this service branch, for beginning in the early 1990's there are plans for the introduction of the army air defense reconnaissance and command system, whereby, in connection with the agreed combat effectiveness upgrading of the Gepard and Roland weapon systems, the performance capability of these air defense weapons will be adapted to the now increased threat from the air.

With a peacetime strength of 10,650 men, which increases to about 17,000 soldiers in a state of defense, the air defense force of the German Army is not a large service branch in terms of numbers in comparison with other service branches. But as an element of the combat support troops, it is an important factor, for it does--in close cooperation with the NATO integrated air defense--protect army troops, facilities and installations against the threat from the air. Forward on the FEBA (Forward Edge of the Battle Area), these are primarily combat forces, which, by the way, results in the demand that the weapon systems of the army air defense should be as mobile as the combat vehicles of the army.

In terms of command, the army air defense force is linked to corps and divisions:

--At the corps echelon, as part of the corps troops under the deputy commanding general, there is an air defense command under the corps air defense commander. This command is responsible for all questions of the air defense combat in the corps, including the preparation of the enemy air situation for Air Space Control, that is, the organization of the air space, as well as for the protection of the troops, facilities and installations in the corps area against attacks from the air. The command includes an armored antiaircraft missile regiment equipped with 36 Rolands in 6 batteries and two air defense battalions (as equipment units) with 4 batteries each having 3 platoons, whereby each platoon has 2 towed 40 mm L/70 guns and a Deiswill VII Super Fledermaus fire control device. In addition, the air defense command has an air defense reconnaissance platoon with the now totally obsolete TPS-1E as reconnaissance radar.

--At the division echelon (excluding airborne division), under the division air defense commander (simultaneously regiment commander), there is an armored antiaircraft gun regiment with 6 combat batteries and a total of 36 Gepard self-propelled air defense guns. Organizationally, then, they correspond to Roland formations. Inasmuch as the weapon systems today must fight largely independently, the firing unit is not a platoon or the battery but the Gepard or the Roland. The battery provides for the coordination and the tactical command but the fire order is given by the commander of each individual weapon system. The Gepards are also supplemented by the Fliegerfaust 1 [infrared-guided man-portable antiaircraft missile] Redeye, which is operated by a Gepard shift crew. In addition, every regiment has an air defense reconnaissance platoon with the TPS-1E.

As a corps troop element, the Roland regiment is employed in the entire combat zone of the corps, with special weight on the formation of the main efforts of the division. Thus, for example, antiaircraft combat units with 18 Roland AAGM armored vehicles or even just one battery with 6 Rolands if necessary can be assigned to a division and integrated with the division antiaircraft defense to form mixed combat formations. Not, for example, so that the Gepards "protect" the Rolands but to combat the air enemy together. In terms of numbers, a three to one ratio of tube to missile air defense was calculated to be optimum--this ratio has also been achieved in the German Army with 420 Gepards and 140 Rolands.

Noteworthy in the army air defense force is the great homogeneousness, not exactly in the weapon systems but in the training and command. Thus, there are no pure "Gepard" or "Roland" soldiers. Beginning at the level of the battery commander, for example, there are only air defense officers, who then know both weapon systems and their strengths and weaknesses.

The Weapon Systems

With the Gepard self-propelled armored air defense gun and the Roland AAGM armored vehicle, the German army air defense force has two weapon systems for which it is envied by many NATO partners, including, for example, the

Americans, who, after the suspension of the Sergeant York project, have neither a self-propelled armored air defense gun nor an all-weather mobile antiaircraft missile system (and rely on infrared-Chapparral or the Hawk/Patriot shield).

Gepard

The self-propelled armored air defense gun Gepard was procured in the second half of the 1970's and replaced the phased-out M-42 self-propelled armored air defense gun. Both 35-mm Oerlikon guns of the Gepard (development by Oerlikon-Contraves and series production at Krauss-Maffei) have a combat range of about 3,500 meters and are radar-controlled. In addition, the Gepard has a search-and-track radar with a range of 15 kilometers and a laser rangefinder.

When the Gepard was developed, the threat from the air was decisively different from today and the electronics was still designed on an analog basis, so that today an upgrading of combat effectiveness is appropriate. This decisive improvement of the Gepard planned for the beginning of the 1990's is to consider the following points:

- improvement of the survivability, that is, especially improvement of the electronic defensive measures and introduction of a passive sensor,

- enhancement of the hit probability against maneuvering targets. The analog computer has heretofore been designed more for combating air targets, which, as usual in the 1960's, have relatively rectilinear target approaches,

- increase in the effectiveness against helicopters,

- improvement of the material maintainability.

The tactical requirement for the combat effectiveness upgrading Gepard exists since February 1984. The program is currently in the definition phase. In 1985, at the test center in Greding, two Gepards modified by Siemens and Contraves primarily through the installation of a digital fire control system were tested. But the competition may well continue in the development phase beginning in 1989. Thus it is intended to choose a general contractor (Krauss-Maffei?) for this phase but to compete as long as possible in the individual combat effectiveness upgrading packages, so that besides Contraves and Siemens other firms such as, for example, Krupp Atlas Elektronik (this firm is offering a total package) could get involved. Zeiss and AEG will compete for the passive infrared tracker.

Happily the upgrading of combat effectiveness is being pursued bilaterally with the Netherlands. Originally Belgium also wanted to take part but the land now has only observer status, whereby it remains to be hoped that sooner or later it will participate.

Another measure to upgrade combat effectiveness is to be expected this year with the delivery of the new HE ammunition DM-31 from Diehl, which is to replace the DM 21 high-explosive incendiary cartridge and the DM 13 (A1) armor-piercing incendiary cartridge. This ammunition has a mechanical base

fuze with a certain ignition delay. In this way, the projectile does not detonate at impact with the target but in the target. In the 1990's, there may be another improvement here with an FADPS projectile having a heavy-metal core that disintegrates upon impact with thin-walled target structures and that has a destructive "effect in depth." The projectile is in the definition phase at Rheinmetall. The enterprise had won out in competition against Mauser and Oerlikon.

Roland

The AAGM armored vehicle Roland (development and production Euromissile/MBB/Aerospatiale) was introduced in the German Army from 1981 through 1984 and replaced the 40 mm L/70 weapon system. Just as the Gepard, it is also an autonomous antiaircraft weapon system with a search-and-track radar (range 16 km) and two ready-to-fire (eight reloadable in two drum magazines) radar-controlled missiles with a range of 6 km. When necessary, e.g. in the case of very low-flying targets, the missiles can also be guided optically.

For the Roland, measures to upgrade combat effectiveness are planned with essentially the same objectives as in the case of the Gepard, that is, primarily hardening of the weapon systems against the electronic threat and introduction of the passive infrared tracker including laser rangefinders. The missiles will likely receive a new engine, thus increasing the speed, maneuverability and range--to about 8 km. The warhead will also be improved to increase the effect in the target. Some of the planned measures to upgrade combat effectiveness were already tested by Euromissile as its own development. The program to upgrade combat effectiveness now in the definition phase is being carried out jointly with France. Our neighbor likewise wants to improve its Roland 2. On the German side, the upgrading of combat effectiveness is also to include the Roland on a wheeled chassis (roll-out of the first series Rolands of the air force in September), so that the Bundeswehr has uniform systems.

Fliegerfaust 1

As already mentioned, the army air defense force also has the Fliegerfaust 1 Redeye. This infrared-guided one-man shoulder weapon is used together with the Gepard, inasmuch as the Fliegerfaust has no IFF [identification friend-foe] and no reconnaissance components. The self-propelled armored air defense gun takes over the electronic reconnaissance and the Gepard commander gives the fire orders to the Fliegerfaust crew (shift crew of the Gepard) located as far as 200 meters from the Gepard and linked with it by radio or cable. The Fliegerfaust can be designated as a supplemental weapon of attrition but it can be used only against departing targets.

40 mm L/70 Antiaircraft Gun

The towed 40 mm L/70 antiaircraft gun still to be found in the battalions (equipment units) at the corps echelon is a decided veteran. A Super Fledermaus fire control radar is available for every two guns. Because of their lack of mobility, these systems are suitable only for the protection of

stationary installations more in the rear corps area. There are proposals for upgrading of combat effectiveness both for the weapon systems as well as for the fire control device still equipped with tubes. But it is more than doubtful whether it will come to the corresponding steps here.

The named and planned measures to upgrade the combat effectiveness of Gepard and Roland will adapt the air defense of the German Army to the threat but the greatest step forward will be the introduction in the 1990's of the army air defense reconnaissance and control system, a system that will then be very efficient. The start of the planning work for the army air defense reconnaissance and control system goes back to the beginning of the 1970's. Initially, in accordance with the spirit of the time, its priority was lower than that of firing weapon systems. At the time, there was little money available and there were development problems and the years passed quickly.... To be sure: the time was also used to adapt the components of the army air defense reconnaissance and control system to the latest level of technology prevailing at the time, which is essential particularly in regard to reliability and resistance to interference through electronic countermeasures.

	Korpsebene 1.				Divisionsebene 2.
I. Korps 3.					
II. Korps 3.					
III. Korps 3.					
Bereich LANDJUT 4.					
	Fla- Kommando 5.	PzFlaRak Regiment (Btl) mit 36 6. (18) ROLAND	PzFlak- Bataillon mit 18 GEPARD 7.	Bataillon (Ger) Flak 40 L70 8.	PzFlak- Regiment mit 36 GEPARD 9.

Organization of the Army Air Defense in Peacetime

Key:

1. Corps echelon
2. Division echelon
3. Corps
4. Landjut area
5. Air defense command
6. Armored antiaircraft guided missile regiment (battalion) with 36 (18) Rolands
7. Armored antiaircraft gun battalion with 18 Gepards
8. Battalion (Ger) antiaircraft gun 40 L70
9. Armored antiaircraft gun regiment with 36 Gepards

As the name itself indicates, the army air defense reconnaissance and control system is not a pure command system. With the reconnaissance components, composed of the air surveillance radar and the search radar for low altitude aircraft, the precondition is established for a timely early warning of the weapon systems. The army air defense reconnaissance and control system was presented in detail in WEHRTECHNIK No 6 for 1985 and therefore we will present the essential components and its manner of functioning only briefly here.

The air surveillance radar is a phase-guided three-dimensional radar with an antenna extendable to 12 meters on a sensor vehicle (10-ton truck). The remote control of the radar is from the evaluation compartment, likewise on a 10-ton truck. The uniformly designed workplaces for the army air defense reconnaissance and control system are also located there. The range of the air surveillance radar is 100 km. It is planned to introduce two air surveillance radar sets per corps area. Seven air surveillance radar sets (company designation TRMS) were ordered from AEG last year and will be delivered at the end of the 1980's. A prototype in a series version will come to the experimental station this spring for technical testing.

The wheeled tank TUEP [search radar for low-altitude aircraft] (on a Marder undercarriage) has an MPDR 3002S pulse doppler radar being developed by Siemens. The range of the radar with a mast extendable to a height of 10 meters is about 30 km. Each Roland regiment receives one and each Gepard regiment two wheeled tanks TUEP.

With the search radar for low-altitude aircraft and air surveillance radar controlled by the corps air defense commander, the overall air situation is prepared considerably more rapidly than heretofore and automatically in the corps area, whereby all sets are linked in accordance with the principle of the decentralized network structure, that is, if a sensor fails, then adjacent sensors take over its reconnaissance functions to the extent possible.

Through the sensor network, the reconnaissance results of the entire network are automatically available to each set. These results are then passed on directly to the firing weapon systems or to the battery command post located in a 1 Fuchs transport tank. It is there where the battery commander selects the targets and coordinates the fire of the six Gepards or Rolands under him. It is thus possible to shift the massing of fire without moving the vehicles, certain targets can be assigned to certain weapons, and--especially important--the Roland and Gepard weapon systems do not reveal themselves early through the radiating search radar antenna also easily recognizable optically as a revolving "spoon." This antenna and the tracking radar are not switched on until shortly before the beginning of target engagement.

These measures produce a clear improvement in the efficiency of the army air defense, regrettably only permitting the protection of the German corps areas. The army should also strive to convince the allies of the sense and purpose of the army air defense reconnaissance and control system. At least the automatic exchange of information should be possible through the establishment of interfaces with their systems....

Despite all the measures to upgrade combat effectiveness and the "leap" through the army air defense reconnaissance and control system, the army air defense force cannot be perfectly happy, inasmuch as certain questions are still raising problems that are in urgent need of resolution. Among other things, they include:

Clear Friend-Foe Identification

Gepard and Roland are equipped with IFF devices; air surveillance radar and search radar for low-altitude aircraft also receive IFF. But the current IFF system as well as the planned NIS are not yet the ultimate with respect to efficiency and resistance to interference.

With automation of air target acquisition and engagement, a clear friend-foe identification is more necessary than ever.

Linkage With the Integrated Air Defense of NATO

Not yet foreseen but demanded is an automatic crosslinkage of the reconnaissance components of the army air defense reconnaissance and control system with the integrated air defense of NATO and its efficient radar stations. To be sure, the army air defense force and the integrated air defense have different tasks to fulfill and the radar sets cover different altitude ranges (the air defense radar sets cover the high and medium altitude ranges whereas the air surveillance radar and the search radar for low-altitude aircraft cover the medium and especially the lower altitude ranges) but an integration would benefit both sides, especially in regard to complete coverage and the failure of individual radar sets that one must always allow for.

With the NADGE successor Air Command and Control System (ACCS), NATO is planning an up-to-date air defense command system to be financed by many nations. Could perhaps this be "tapped" (financially as well) for a linkage with the army air defense reconnaissance and control system?

Threat Through Attack Helicopters

The threat from the air has not only increased through more aircraft that are faster and more maneuverable than before but in addition there are now substantial numbers of such attack helicopters as the Hind. It must be reconnoitered and engaged. In the future, from the point of view of reconnaissance, one will rely not only on the existing doppler radar sets that utilize the rotating rotor for tracking but also on acoustical reconnaissance resources (see report in WEHRTECHNIK No 1, 1987) and on thermal imagers. The main defensive system against attack helicopters is the Gepard, whose ammunition is to be improved so that there will be an adequate kill probability even against armored helicopters.

Threat Through Drones and Cruise Missiles

Cruise missiles and drones--reconnaissance drones and combat drones--are likely to be a threat that lies even further in the future. The defensive possibilities against these very small remotely piloted vehicles are currently being discussed in study groups. Here as well, it is necessary above all to detect and then engage remotely piloted vehicles.

Antiaircraft Protection in the Rear Area

Also still unresolved is the question of antiaircraft protection in the rear area, that is, in the territorial army. This part of the army, whose importance has been emphasized again and again in recent years by the army command, stands practically "naked" in this connection. In the employment of the home defense brigades together with the field army at the very front, the Roland and Gepard will likely, to be sure, exercise protective functions but who takes on the protection against low-altitude aircraft that have penetrated the rear area? A possibility would be the takeover of the 40 mm L/70 guns and, where appropriate, a simple upgrading of the combat effectiveness of the Super Fledermaus, which should be adequate to protect facilities and stationary installations. They would also be the only weapon systems that the field army could foreseeably give to the territorial army in the area of air defense.

Personnel Problems

Naturally the air defense force cannot exist without personnel problems either. "The provision of the regiments with personnel is lagging far behind the modernness of the weapon systems," WEHRTECHNIK heard in the General Army Office. The ranks of the Gepard and Roland commanders are a particular weakness. In one-third of all systems, they are only noncommissioned officers and thus soldiers not yet fully trained in the weapon system, inasmuch as commander's training is not undertaken until training for antiaircraft staff sergeant. In filling these billets, one must also take into account the fact that--in contrast to the battle tank--the Gepards or Rolands are autonomously fighting weapon systems.

The future will even increase the worries about deficient age groups for induction and thus a partial staffing of Gepard and/or Roland units certainly does become a possibility, as unimaginable as this may be in view of the mission of the army air defense force--taking over the protection of the troops, facilities and installations against attacks from the air and ensuring the operational freedom of the army.

Training

The army air defense force has always attached great value to an up-to-date training of soldiers and so they recognized the benefit of simulators earlier than other service branches. Almost simultaneously with the introduction of the weapon systems, therefore, simulators were also acquired, so that today all regiments and the army air defense school in Rendsburg have training halls with simulators. These simulators include--see the supplement in WEHRTECHNIK

No 2, 1987--the air target simulators and practice combat areas, for example, whereby in part the original equipment is used and the simulated air situation of the crew is displayed on the viewing screens in the tank. These simulators must naturally be adapted to the planned upgrading of the combat effectiveness of the weapon systems Gepard and Roland. But there are also already requirements for additional simulators, e.g. for an aircraft identification simulator or for a Gepard/Roland dueling simulator against jet aircraft and helicopters. When the inclusion of jet aircraft in the duel is technically unsolvable, then the army aviators could "fly" the helicopter and thus there would be training of the helicopter crews (dueling against antiaircraft weapons) as well as of the crews of antiaircraft weapon systems.

Even if today the "practice war" takes place largely in the hall, the army air defense will not, in the words of Brig Gen Eckhard Klewin, general of the combat support troops in the General Army Office, become a "simulation service branch." They will not forego live ammunition. In the case of the Gepard, every gunner, as a draftee, will at one time fire against air targets (and generally against ground targets for self-defense as well) at the Todendorf firing range on the Baltic coast. In the case of the Roland, they strive to have each crew fire at least once a year. Each Roland regiment goes to Biscarosse in southern France once a year for practice firing but the firing range there has to be shared with the French.

At the moment, combat firing can be practiced in a limited way only. For the Gepard, the Putlos training area is only a kind of "stopgap." For it and the Roland, the air defense force is hoping for a new NATO firing range (possibly in Turkey) with adequate target simulation possibilities.

Closely Related: The Antiaircraft Defense

It remains to be hoped that the plans of the army air defense force can be realized in a timely manner in accordance with the threat rather than for the army air defense reconnaissance and control system to be delayed again or put off until "doomsday" because of a shortage of resources.

Gradually the army must also think about follow-on systems for Gepard and Roland. Here there could possibly be applications for a laser antiaircraft system as is being proposed by MBB and Diehl, for example, as a high-energy laser (HEL). Of course: a laser system does not have a complete all-weather capability and probably has only a limited range but does have a very good multiple-target engagement capability.

One of the roles in the future planning of the army air defense force is naturally also played by the--not yet considered in the article--antiaircraft defense in the army, that is, the engagement of air targets through attack tanks, armored personnel carriers and field artillery pieces or through machine guns on tripods. The 7.62 to 20-mm weapons are not exactly extremely effective against the modern threat on account of the small caliber, the related inadequate range and the substantial absence of a fire control. An improvement with respect to the attack helicopter as the current and future "air enemy number one" could come from the introduction of a tank-destroyer/antihelicopter combat vehicle (now officially designated Panther),

provided that this vehicle is actually realized and the PARS-3 guided weapons can be used against maneuvering air targets. A special antihelicopter projectile for attack tanks, either terminally guided or designed as a flechette projectile with a certain scattering, possibly could also serve in the engagement of the attack helicopter. Experiments showed that the tank crews with their thermal imagers can do a very good job of detecting helicopters. Why, then, not also use the expensive fire control system of the Leopard to engage helicopters, provided that a suitable projectile is developed?

All this as well as the thought expressed by retired Brig Gen Hans Drebing, former chief of the army aviators, on the further development of the army air defense force including the proposed development of a special antihelicopter helicopter make clear that the army air defense is to be seen in a larger context, whereby the air defense of the air force naturally must not be forgotten.

9746

CSO: 3620/193

LAPPLAND DEPOPULATION SEEN CREATING SECURITY PROBLEMS

Helsinki HUFVUDSTADSBLADET in Swedish 28 Mar 87 p 7

[Article by Marten Kevin; first paragraph is HUFVUDSTADSBLADET introduction]

[Text] The idea of having part-time recruits in the Armed Forces in northern Finland has met with a favorable reception, says Colonel Hannu Sarkio.

Rovaniemi--The population density in Lapland should be kept at least at its current level even from the standpoint of defense, says Colonel Hannu Sarkio, who is chief of staff of the Northern Finland Military Area.

During a talk delivered in connection with a visit arranged by AKAVA [Academic Professional Commission] that brought labor market newsmen to the Lapland Air Wing in Rovaniemi, among other places, he noted that knowledge of local conditions is especially important to defense in Lapland. Innate preparedness of that kind cannot be achieved through training.

Concerning population trends, Col Sarkio said that losses through migration have indeed stopped and that a small increase in population can be noted. Northern Finland has a relatively high birth rate, but on the other hand, an aging population is a prominent feature in the area. The outlying villages are being depopulated.

When asked how the military authorities view regional policy and agricultural issues, which affect population trends to a large degree, Col Sarkio answered that it makes no difference how people are kept in their occupations--the main thing is that people should remain in the region. He felt that things would have been better for population trends as a whole in Lapland if there were more cities than the only one now in existence--that is, Rovaniemi.

Speaking of other parts of our country where the sparsely populated areas are also losing inhabitants, Col Sarkio drew a parallel in particular between Lapland and the archipelagoes.

He noted in general that northern Finland is considered to lie closer to the area of tension in big-power politics than southern Finland does and that to some extent, the northern part of the country is also in a different situation

in other respects. He placed the Danish Sound and Skane in the same class of risk.

Since the start of the 1960's, Finland has increased its military forces in northern Finland to the extent that they now account for about one-third of the ground forces in peacetime and almost half of the Air Force's fighter planes. Moreover, the Frontier Guard forces in Lappland and Kainuu can be added to the nation's defense forces if necessary.

Col Sarkio also referred to the camps that have been set up in Lappland for units from other parts of the country and said that in a crisis situation, troops from other military areas could therefore be used in northern Finland.

Concerning the troops in northern Finland, he noted in general that despite the rather difficult conditions, their motivation is excellent. As one positive factor, he mentioned that cadre personnel are recruited to a large extent from local troop units. This means that it is easier than usual to get the conscripts to "sing in tune." He said that another typical feature of troops in northern Finland is the natural comradeship that exists in the service among people of different military ranks.

Concerning equipment, Col Sarkio noted that modernization is underway. But in the case of the Air Force, for example, capability in the field of materiel is not the only crucial factor. Also crucial are pilot training and the Air Force leadership. Defense in Lappland is highly dependent on the individual. The last war provided proof of that, he added.

Col Sarkio also mentioned an idea brought up by the commander of the Northern Finland Military Area, Major General Martti Alatalo, who has suggested that a system of part-time recruits be adopted. Those recruits would be used for special missions of a demanding nature in the Armed Forces for part of the year, but for most of the year they would be employed in their civilian occupations. He mentioned forest workers, farmers, and people concerned with tending reindeer as suitable for such temporary missions in the Army. That idea has met with a favorable reception in northern Finland and is now being thoroughly studied by the Main Staff. He noted that the Second Parliamentary Defense Committee has also spoken out in favor of part-time recruits.

Concerning the defense of northern Finland, Col Sarkio also noted that it has been suggested in many connections that Lappland should be fortified in peacetime. According to him, it is not wise to bury that idea at a time when various means for making defense more effective are being considered. In a further comment, he noted that building fortifications would also provide employment.

11798

CSO: 3650/112

PARLIAMENTARIANS CONCERNED OVER COST OF FOREIGN OPERATIONS

Paris LE MONDE in French 5-6 Apr 87 p 8

[Text] Parliamentarians, in particular the deputies who are members of the Defense Committee at the Palais-Bourbon, are already concerned about the cost overrun resulting from French foreign operations which can be foreseen for 1987 if the current rate of expenditures continues.

In 1986, this overrun, which was added to the normal expenditures included in the annual operational budgets of the units involved and was partially covered by the collective end-of-the-year budget, exceeded 1.8 billion francs. It could reach 3.7 billion in 1987, or in other words double, if the cost of certain cooperation missions and the expenditures resulting from the activities of a humanitarian nature carried out overseas by the French Army are included.

According to these same parliamentary sources, the bulk of this overrun is related to the extension of the Epervier Plan to Chad. In fact, the cost of rebuilding the Ndjamena runway (which now serves as the "turntable" for French combat aircraft and the transport facilities mobilized by Epervier); the improvement of the new runway in Abeche (in the northeastern part of Chad), which supports the French deployment on the red line of the 16th parallel; and the amount representing the arms provided to the FANT (estimated at 500 million francs) must be included for 1987.

A contribution will also be made to this overrun on foreign operations in 1987 by the aid provided by the French armed branches, operating from New Caledonia, to the people of Wallis-et-Futuna, during the disaster caused by a cyclone at the beginning of January.

5157
CSO:3519/99

FORMER DEFENSE MINISTER QUILES VIEWS MILITARY PROGRAM LAW

Paris LE MONDE in French 8 Apr 87 p 11

[Article by former defense minister Paul Quiles]

[Text] The discussion of military questions cannot be limited to the experts alone. The public should be entirely well informed before the debate in the parliament on 8 and 9 April, both on the subjects on which there is agreement among the political leaders and in the spheres in which there are questions, ambiguity, and indeed differences.

I. The Points of Agreement

These involve the famous "three circles."

1. The defense of France by nuclear deterrence. Almost no one today disputes the fact that nuclear weapons are the guarantee of our independence. All of the political forces recognize that the defense of France is based first and foremost on the strategy of deterrence of the "weak by the strong." This strategy entails:

--Autonomy for our forces. This is why we left the integrated military command of NATO in 1966.

--Unity of decision. The president of the republic and he alone can decide to use nuclear force.

--"Sufficiency" in the number of our weapons--neither too many nor too few.

--The credibility of our systems in the eyes of the enemy. This leads us to modernize and test our strategic weapons in order to take the development of technology into account.

2. Participation in the defense of Europe. France is engaged in a military alliance with the NATO countries. No one doubts that our country will keep its word. The presence of our three armed branches in the FRG clearly shows the reality of our determination. Unlike what is happening in some

neighboring countries, no political group here has challenged this alliance. On the other hand, no one, it seems to me, is demanding our return to the integrated military organization of NATO, either.

3. The French presence in the world. Because of our history, we have responsibilities outside Europe and privileged relations with certain nations, especially in Africa. We must be able to honor our commitments when a friendly country is threatened and asks aid or assistance of us, without allowing that to become an attack on the sovereignty of that nation. No one disputes, at least explicitly, this French role in what has come to be called the "third circle."

II. Ambiguity and Disagreement

The absence of discussion sometimes conceals ambiguity and disagreements. For example:

1. The doctrine of nuclear force. It is agreed that strategic nuclear forces will be used if our "vital interests" are threatened. There are some who would also like to give the FRG, although it has not made any such demand, a French nuclear guarantee. Is it a question of massive reprisals against enemy peoples or "tactical" nuclear attacks on the Warsaw Pact armies? Would this nuclear response occur the moment the first Soviet soldier had crossed the frontier?

The least one can say is that there is no consensus on this subject, since only 11 percent of our fellow citizens believe that in the event of an invasion of the FRG, the president of the republic should threaten the use of nuclear weapons, while 63 percent believe "that he should not engage in military combat, but should immediately enter into negotiations."

Another ambiguous point--when and in what way would "prestrategic" nuclear weapons be used? Like the president of the republic, I believe that they constitute an essentially political tool which serves the purpose of demonstrating our determination and giving the adversary a "last warning" before strategic forces are used. Thus I reject anything which might contribute to making nuclear warfare "commonplace" and making it a battlefield weapon linked with conventional maneuvers. Certain proposals concerning the neutron bomb or the installation of our Pluton and Hades missiles on the Elbe seem to me to open the door to a dangerous change in our concept of deterrence.

2. Chemical warfare. The importance of the chemical weapons the Soviet forces have created creates a flagrant imbalance in Europe. The paragraph in the law which provides that in this field, France should "have an appropriate deterrent capacity" is acceptable if it means that pressure should therefore be exerted on the USSR to persuade it to sign the international convention which would make it possible to eliminate these weapons. In 1984, France proposed a treaty to this end. However, no one should be allowed to interpret the text of the law as giving the green light to French production of chemical weapons, independent of any effort to achieve success in the international negotiations under way.

3. The financial effort. In the past 10 years, the defense budget has increased from 3.4 percent of the PIBM between 1974 and 1976 to 3.8 percent between 1982 and 1986. The effort to modernize our armed forces was necessary, but the French people cannot be asked to increase the proportion of the military budget unceasingly. Public opinion polls show, moreover, that the country is not agreed on the pursuit of a policy which sacrifices civilian budgets, and in particular the expenditures for social solidarity, to an ever greater increase in the military budget. Such a policy contains the embryo of a weakening in the main elements of consensus on defense.

4. A European defense in the future? With great enthusiasm, the majority of the political leaders have come out in favor of the creation of a European defense system. But nothing could be less precise than the content each would wish it to have. Is it a question of getting the Germans to withdraw from the integrated military structure of NATO? Or is it a question of replacing the American nuclear umbrella with a French nuclear guarantee for the FRG?

These ambiguous aspects must be examined, because the subject is an important one. We have an economic ambition for Europe, but also monetary and political ambitions. It is not illogical to consider the resources which would be required to nurture a European ambition in the defense sector. The year 1992 will see the birth of the great European market. It will also see the end of the military program law on which the parliament will vote. Why not make an effort, beginning now, to establish the foundations for a military program law for Europe?

Those who object will cite the diversity of constitutional and budgetary regulations, military situations, etc. Let us begin, then, by jointly drafting a blue book on the security of Europe. The work of preparing this text will make it possible to assess the true reality of the such common will as may exist to unify strategic concepts, and above all to distribute the responsibilities and the burdens of the great weapons programs among the different partners.

5157

CSO:3519/99

AEROSPATIALE FACES COMPETITION IN DOMESTIC ATM42L SALES

Paris L'USINE NOUVELLE in French 19 Mar 87 p 46

[Article by Jean-Pierre Casamayou]

[Text] Aerospatiale is waging a new battle, and this time it is in its own skies. It wants the military version of the French-Italian ATR42 commuter plane adopted by the French Army. This is a battle which is not yet won.

What the military air transport service wants to do in fact is to replace the old Noratlas planes which were taken out of service with 25 light cargo planes. Among the aircraft assessed, two competitors are still in the running--the ATM42L military transport plane, proposed by Aerospatiale and Aeritalia, and the CN235 jointly produced by two firms, the Spanish Casa and the Indonesian Nurtanio. And as the defense budget authorizes an expenditure of 800 million francs for the purchase of the first seven aircraft, the choice is likely to be made soon.

In response to the list of Air Force requirements, the design bureau of the "airplane" division of Aerospatiale has "militarized" the ATR42, with military avionics, a strengthened floor panel and rear doors opening inward to allow parachute jumps. A rear ramp for rapid loading and unloading was planned, but in view of the extent of the modifications, their cost (about 1 billion francs) and the tightness of the market, this plan was abandoned. Instead, the engineers in Toulouse put a wide lateral door on the left side of the fuselage with a sill long enough to accommodate a ramp. This was an ingenious solution, costing only a third as much as the rear loading ramp, but the consumers have not been won over, because it is less convenient to use. On the other hand, they were impressed by the performance of the aircraft, its low operational cost and the solid support after sale on all five continents, a consequence of the sales of the civilian ATR42.

The Casa-Nurtanio 245, the competing product, lacks this advantage. With a difficult beginning to its commercial career (only Saudi Arabia has purchased it), it has a problem in that it is underpowered because of a poor choice of propulsion system. But the substitution of a new engine, the Pratt and Whitney PW124, will improve its performance, although it will not equal that of the ATR42. But the superiority of the CN235 over the French plane is due

to its price (30 percent less) and, above all, its rear loading ramp. The French military pilots who visited Casa to try it out were entranced by this equipment feature.

"In our view, choosing the CN235 over the ATM42 would have serious consequences," says Claude Terrazzoni, the technical director of the "airplane" division of Aerospatiale. "This decision would deprive us of a sale of 100 airplanes at one time on the military market and that of the air freight companies. In addition, this would be a launching pad for a competitor who has hardly had any success outside the manufacturing countries." And still more serious for the future of ATR42 sales, customers could not fail to interpret the choice as indicating lack of confidence in the French aircraft. This would be particularly true for the U.S. Air Force, which Aerospatiale hopes will purchase the ATM for the purposes of its C27 program.

The choice of this aircraft will thus have repercussions beyond the framework of mere satisfaction of Air Force needs. In addition, reasons of a political nature might tip the balance toward the competitor. The purchase of the CN235 might serve as the trading currency for Spanish participation in the new weapons programs--the combat aircraft derived from the Rafale and the Leclerc combat tank.

5157
CS0:3519/99

QUESTIONS ON ARMY'S RESEARCH AND TECHNOLOGY CENTER

Athens PONDIKI in Greek 15 May 87 p 5

/Editorial: "Something 'Smells'"/

/Text/ A revived bill for the "establishment of a Defense Research and Technology Center (KAET)" of the army is now in the hands of Andreas for approval and, of course, (also) in the hands of Kharalambopoulos and Kouris. Essentially, this concerns the famous "research and technology" secretariat of the Ministry of National Defense that would have included the YPOVI /War Industry Service/. It had been announced that it would have been established in January but in the long run it did not happen. The secretariat or KAET--on the basis of the new bill--will be a civilian service and will have the first word for supplies and for YPOVI. While the civilian leadership appears ready to move forward with the plan, things are not so simple for its being implemented. For KAET to get started it must be founded on some material technical structure --obviously the current three research centers, namely the army's, the air force's and the navy's--and on certain research and production programs that already exist. However, these three research centers are presently not working to full capacity.

1. Their most important sections have been dismantled through unjustified transfers of employees without their being replaced.
2. Technical equipment is being transferred to military units.
3. Studies (for example, weapons systems for aircraft, aircraft self-defense electronic systems, etc.) that had been ready or about to be implemented were frozen. Such studies had been worked on for 4-5 years. As a result, the experience for KAET was lost as well as an opportunity to have something established in Greece and not to have to pay somebody else abroad through the nose.

To all of the above we must also add the GEA's /Air Force General Staff/ order according to which the most important research center at this time, namely KETA /Aviation Research and Technology Center/, is downgraded to Applied Technology Center. In other words, it will be engaged in providing trouble-shooting and technical advice to the air force command. What do all of these things "smell of?" Namely, that some people do not want programs of the armed forces civilian leadership to succeed!

5671

CSO: 3521/132

BRIEFS

KOUTSOGIORGAS REPORTEDLY TO DEFENSE--It is reported that Menios Koutsogiorgas will become minister of national defense within the context of a reshuffle in the government and the PASOK. Reliable sources report that the prime minister has made his decisions regarding the various individuals involved. The only thing left to do is to choose the right moment to implement the decisions already made. It is considered likely that the changes will be carried out following the 22nd PASOK Congress. However, it is not excluded that these changes may occur in the fall as well. The return of Mr Koutsogiorgas to the government and his appointment to the Ministry of National Defense will mean that Mr Kharalambopoulos may be restricted only to his position as deputy prime minister. At the same time, it is believed that the departure of Mr Kapsis from the position of deputy minister for the press--where his role is only cosmetic--is almost certain. It remains to be seen whether he will continue as deputy minister of foreign affairs. [Excerpt] [Athens I KATHIMERINI in Greek 16 May 87 p 1]/9835

ARMS SALES TO IRAQ--It is well known that Mr Papandreou persistently attempts to project internationally a pacifist image with an eye to the Nobel Peace prize for the "Movement of the Six." However, Swedish newspapers have written that Greece as well is on the list of countries selling weapons to Iraq and to Iran; this has caused a stir in Sweden. Of course, the Greek government has so far kept such commercial transactions a secret. However, arms shipments to Iraq from the Air Force base in Elefsina have taken the aspect of regularly scheduled flights. At noon on Tuesday before Easter, for example, an Ilyushin 76 transport aircraft bearing No 737 landed the air base under extraordinary security precautions. It was loaded during the course of the entire night with war material--weapons, fuel reservoirs for Mirage aircraft, etc.--and returned to Bagdad at noon on Wednesday before Easter. [Text] [Athens EMBISTEVTIKO GRAMMA in Greek 29 Apr 87 p 3]/9835

CSO: 3521/130

REFORMS FOR CONSCRIPTS APPROVED BY HOUSE DEFENSE COMMISSION

Rome LA REPUBBLICA in Italian 12 Dec 86 p 2

[Text] Rome. A year of draft for the Navy as well, more room for volunteers, and increases for everyone: with the new year the armed forces should change. The military service reform was approved yesterday by the House Defense Commission which was in legislative session. However, the provision must still return to the Senate because it underwent a small "amendment": the maximum age by which young emigrants returning to Italy must fulfill their military service obligation was changed to 26. But obstacles are not expected; for once the majority is in agreement and the opposition is anxious to pass the reform. The final vote, Spadolini said, is expected for Christmas: "The general desire to keep modifications of the Senate's text to a bare minimum shows that all the political groups would like the government to arrive at approval of the reform in record time. This attitude gives the law special political importance." The communists are even satisfied. But Baraccetti emphasizes that "unfortunately it took a long distressful series of suicides in the barracks to compel us to approve a positive provision."

The major points of the reform concern the 12-month duration service for the Navy (which will reduce the present term of 18 months within 3 years); the increase of the volunteer contingency to 19 percent (80,000 men out of 400,000); pay increases; improved soldier employment: civilian personnel will be used to meet the needs of the military entities.

New provisions for "exemptions." Exemptions will now be granted to: only son living with handicapped parents or only brother living with non self-sufficient handicapped person; direct and all-important head of running a family business or supporting the family; verified family or economic difficulties; low index of somato-functional or psycho-aptitudinal suitability. Exemption is provided for in the case of enlisted men with offspring even when the child is born during his tour of duty.

As a guarantee a second medical checkup was created: enrolled men who have obtained a postponement for more than 3 years can request additional physio-psycho-aptitudinal testing.

The armed forces will also provide professional training courses which will give degrees that will be valid for entering the civil service. There will

also be advantages for those doing the prolonged tour of duty: cities having more than 150,000 inhabitants will have to take on a quota (5 percent for employees and 10 percent for workers).

Drafted personnel will have the option of being accepted, upon request, in the prolonged 2- or 3-year service; also, for a period of 5 years, young people can still apply for service in the police, as warders, and in fire departments.

13312/12379

CSO: 3528/51

REDUCED MILITARY SERVICE SEEN LEADING TO HIGHER COSTS

Lisbon TAL & QUAL in Portuguese 24 Apr 87 p 7

/Text/ Contrary to what would be expected, the proposed reduction in military service will cost the state more money. At least 5 million contos per year.

Thousands of our youth will rub their hands in pleasure when, a few days hence, Parliament ratifies the new law reducing military service by a few months. Paradoxically, the state's coffers will feel the effects: As currently approved by the Parliamentary Defense Committee, the Military Service Law--a sure indication of what will come as no surprise at the plenary session of the Assembly of the Republic--will lead to an increase in cost which military sources contacted by TAL & QUAL estimate at a minimum of 5 million contos.

Scheduled to become effective in January 1988, the new law establishes the term of military service at 12 to 15 months for the Army (currently 16 months) and 18 to 20 months for the Navy and Air Force (presently 2 years).

In military circles, particularly those of the Army--the branch most affected by the changes--it is feared that the new arrangement will diminish the effective operation of the Armed Forces as well as lead to a substantial increase in assigned duties.

An average of 10,000 recruits are now added to the Army's barracks each year. Reduced military service will "inexorably lead to a higher rate of enlistment. As a result, the number of recruits will increase from 10,000 to 15,000, making it immediately mandatory to increase the number of drafts from the current three to six."

At first glance, reduced military service would seem to result in a saving. However, certain military specialists, who at the time turned up their nose at the new legal perspectives, maintain that just to equip the 5,000 new recruits (uniforms, weapons, canteens, etc.) will cost about 200,000 contos per year. According to the same specialists, most of that expenditure will go to the establishment of new training centers and rifle ranges and, especially, to revamping the barracks--many of which are presently designed for operational service. Moreover, an increase in recruitment and discharges will entail increased moving expenses, greater equipment wear and tear and a greater number of captains, instructors and noncommissioned officers.

These recruitment fears are not new. Just as the first proposal submitted by the Parliamentary Defense Committee caused them to throw up their hands, the military chiefs, via the Armed Forces General Staff, were quick to point out the need for greater budget allocations in the future.

More than this, the Air Force and Navy stuck to their guns and managed to prevent the Army's new arrangement from being applied to their two branches; they argued that, if the same arrangement applied, "the enlisted personnel would be going home precisely when they were finally capable of operating the planes and ships."

In truth, the Army's capability will be seriously prejudiced if the various administrations persist in their policy of reducing the military budget. "At this time," a well-placed official commented, "if it were necessary to use part of the Army's operational funds to feed the 5,000 new recruits, our operational effectiveness would go down hill."

In the Defense Ministry's viewpoint, that danger does not exist. One of its spokesmen told TAL & QUAL "that the Army's operational aspect will never be affected by reduced military service." A weak guarantee, in the Army's opinion.

Curiously, in the midst of all this no deputy, government official or member of the military hierarchy has hit upon the only hypothesis which could favorably affect the state's coffers: a reduction in the number of recruits.

8568

CSO: 3542/95

VERHOFSTADT, EYSKENS VIEW BUDGET, TAX REFORMS

Brussels KNACK in Dutch 25 Feb 87 pp 25, 26, 28, 33, 34

[Interview with Minister of the Budget Guy Verhofstadt and Minister of Finance Mark Eyskens by Frans Verleyen and Jos Grobben: "The Law of Concentrated Desires and Dispersed Burdens"; first paragraph is introduction]

[Text] Two distinct technicians of the government, the Ministers of the Budget and of Finance, are going to be jointly making preparations for tax reform. Guy Verhofstadt (PVV) and Mark Eyskens (CVP) on the budgetary problems, a lessening of the tax burden, fiscal Santa Claus-policy and the debate over direct and indirect taxes.

KNACK: This government is facing an apparent discrepancy: the nation's budgetary situation is still not a very rosy picture, but at the same time there is talk of tax reform and a tax cut. What is your view of this current paradox?

Guy Verhofstadt: For us there is no paradox; these two elements must run parallel to one another. At this time, we in the government have two major goals: the budget must be concluded successfully and there must be tax reform, which must, however, be a neutral operation--and on this point there is a great deal of unanimity, in my opinion. Or let us just say that this reform must be as close to a zero operation as possible. It cannot be an encumbrance on the budget.

Mark Eyskens: Under the circumstances, it would be difficult to say that tax reform is the apotheosis of the policy of recovery; it is instead the finishing touch to recovery. Do not forget that all Western countries have initiated this type of tax reform and that we have ended up in a competitive phase, as it were. If Belgium does nothing now, then our economy, with its current complicated, demotivating tax system, is going to again be plunged into rigidity and structural difficulties, which is exactly what we are trying to combat with that policy of recovery. Tax reform is thus a logical consequence of the policy of recovery.

I would also like to point out that all too often an important corrective factor has been omitted from this debate: the reduction of the tax burden on income has a number of positive, macroeconomic and dynamizing effects. This

means that a tax cut of 100 billion francs must be compensated for. There is a supplemental source of tax revenues. The Planning Office has calculated this recuperation at around 10 to 25 billion francs, but one should not labor under any delusions: these effects will not be seen for two or three years.

KNACK: You speak of a finishing touch, you do not see any paradox here, but between the end of 1981 and the end of this year, the national debt will have risen from 2.1 trillion francs to nearly six trillion francs.

Verhofstadt: Not six trillion, but OK, you have to look at that objectively and not ask that these debts disappear overnight, like melting snow. At the beginning of 1986, we had a deficit of 12.1 percent of the gross national product; at the end of the year it was only 10.1 percent, and now we are approaching 8.2 percent. We intend to take it even lower. Those are the figures that count. I would be crazy to propose tax reform if the debt figures did not indicate any structural improvement. And you should not lose sight of the ultimate goal. When that D-day has arrived, when the reform has been implemented, it is not the case that every citizen will suddenly be paying significantly less taxes, but there will be a totally different fiscal climate in which overtime will not be heavily taxed. The fact that this income is taxed at rates of 60, 70 or 80 percent is precisely a sign of the perversity of the system.

Eyskens: Currently, more effort does not result in greater revenues, the opposite is in fact the case. Take the example of a captain out on long voyages. With his seniority, he earns one million francs net, while he costs his company five million. Or take the example of the small businessman in the report by the Royal Commission. He earns a good living, but pays roughly 94.5 percent. This is entirely counterproductive.

Small Saint Anne Measures

KNACK: At the moment, what is your evaluation, in technical and political terms, of the tentative results of the Saint Anne measures and the budget operation?

Verhofstadt: Significant steps in the right direction have been taken, and if we can implement that which we are planning--limiting the deficit to 417 billion francs, undertaking strict budget control,...--then that will be a major step. However, we must bear in mind that we will have to undertake new measures every year in order to manage expenditures, structural measures. It is only in this way that we will achieve a deficit of four percent by 1990--and that is my personal prognosis.

KNACK: Does that mean, in the meantime, other small Saint Anne measures?

Verhofstadt: I hope that that will not be necessary, but I would like to warn that for every budget, for every budget control, we will have to try to hold down any unforeseen increases in spending in order to compensate for setbacks. Thus, the stringent budgetary policy is not over yet. But all of that does not alter the fact that we--for economic reasons--must now carry out this tax

reform. The success of formulas such as the savings in pensions shows how urgent that is.

Eyskens: There is a certain amount of recovery fatigue, and as a result statements about this type of policy with a human face, just as if we have been pursuing a policy without a human face over the last few years. However, this fatigue is understandable after 5 years, in part because it is not fully realized what the strong points of the structural recovery are. Take the current account of our balance of payments: a positive change of seven percent (from minus 4.5 to plus 2.5). Inflation: one percent, while in comparable countries like Denmark inflation is still at three to four percent. And we have also lost sight of one of the aspects of unemployment, our great sorrow. I am clearly no advocate of approaching this problem in the sense of a Belgium at two different speeds since the issues are somewhat more complicated than that, but male unemployment in Flanders has dropped to 4.8 percent. Youth unemployment has dropped 25 percent over the course of 3 years. Not enough emphasis is being put on this. Americans contend that if you are in a phase of rapid industrial development, then you have reached full employment when you are at five percent unemployment. We are below that figure, and that is one of the best results anywhere in Europe. Now, I know that things are different with female unemployment. This figure is 18 percent in Flanders, and that is a very bad situation.

KNACK: These two issues--the budget and the tax system--have been on the agenda for years now. Is it not the fact that these two issues have been made so totally political or economic in nature that is the reason for the calls for a human face?

Eyskens: That is the position to the effect that we are paying too much attention to figures and too little to people. One conveniently loses sight of the fact here that our maneuvering room in economics is limited, and the people often feel abandoned by the complexity of these issues.

Verhofstadt: That accusation has been dropping off in recent years, or certainly in recent months. An alertness for this subject has developed, since it has been realized that everything begins with budgetary recovery and a new tax system. You won't get anywhere without those two changes.

KNACK: After the Royal Commission report was published, the minister of the budget immediately announced that he was not in favor of a shift from direct to indirect taxes. According to a certain newspaper, the minister of finance felt that he had been stabbed in the back. How can you reach an agreement from those two positions?

Eyskens: The report that we have now is a report to the government and not from the government. Thus, no decisions have yet been made. Moreover, I never said that I felt that I had been stabbed in the back, but anyway, the crux of the debate is that the means are being sought for decreasing the pressure on working income. How do you do that? In my opinion there are five possible ways.

First of all, a strong budget policy. By the end of the century, it will be impossible to return to the Santa Claus policy of the last decade. In the long run, however, such a budget policy could result in a certain lessening of the burden. Then there are the macroeconomic effects, or compensation by way of better growth. Thirdly, the famous tax deductions. There are currently 258 different tax deductions, and the commission proposes a number of measures to be taken. We will explore the possibilities of what can be done there. Fourthly, spreading the reform itself out over a period of time. And finally, fifthly, and perhaps the most controversial element: the ratio of direct to indirect taxes, where the commission rightly says that the situation now is the reverse of what it used to be, that it is now two-thirds direct and one-third indirect. In this sense, the commission is addressing the excise taxes, for example. Perhaps the indirect taxes were increased too quickly in the past, I am not a solid advocate of that. After all, you should not lapse too quickly into a policy of comfort.

Verhofstadt: That is precisely the point.

Eyskens: Take a hypothetical case: 20 billion francs must be found. Do you then trim some off of education, off of social affairs, or do you look for it in a two to three franc increase in the price of petroleum products, in alcohol, tobacco...? In this sort of dilemma, I would be inclined to choose the second option. That is my personal feeling, but we have not yet reached that point. We still have the first three or four steps.

Verhofstadt: Since the tax reforms of 1962 and because of the levelling of income coupled with the non-indexing of tax rates, we have experienced a continuous, stealthy increase in taxes. What have we done to counter this? Created all sorts of exemptions, benefits, special measures, and these are the tax deductions. The purpose of this tax reform is to reduce the pressure on overtime, which must be made attractive again. I cannot emphasize this enough...

KNACK: But is that not in direct contradiction to the principle of shortening the work week?

Verhofstadt: It can also be argued that that heavy pressure means that not working is currently almost as profitable as working. But that overtime must be rewarded by bringing down the assessment allowance and reducing it to two, plus possibly coupling this type of measure to the repeal of the unfair cumulative regulation. There must be compensation for that, and in my opinion that can only take place by tinkering with tax deductions, just as was done in the United States. It will be a difficult debate, but those 258 targets must be reduced to 10 or 15 deductions that fulfill the great aspirations of our people. These include, for example, the deduction for children, for housing, savings, pension provisions, etc. That is my proposal, and I am not addressing VAT or excise taxes. That is not an option. Through measures like that, people are only trying to escape what must be done. The whole debate on the ratio between direct and indirect taxes is a false debate. With indirect taxes, we are steering a moderate European course. That is not the problem, the problem is simply that our direct taxes are much too high.

Alliance

KNACK: Can you, Mr Minister of Finance, endorse that view?

Eyskens: I think that that is the perfect illustration of the well-known, but often underestimated law that is the cause of the malaise of so many public finance offices, the law of concentrated desires and dispersed burdens. This mechanism was applied for 25 to 30 years; just do certain target groups a favor. First the farmers, then the small businessmen, then the sick, the handicapped... and in parliament the idea was that the sum of all that would be large-scale popular contentment and similarly large-scale popularity. It worked fine for all those years: Santa Claus was able to generously hand out the candy promised during the election. It is precisely for this reason that scrapping tax deductions will not be easy. Our tax system is full of strange things. We have, for example, increased the exemption to 125,000 francs, but anyone is still allowed to deduct an additional 5000 francs for transport. That is a relic from the past.

Verhofstadt: I agree with my colleague entirely: this type of operation will not be easy, but I do not want to take part in a reform that lowers the assessment allowance and then--because it is too difficult for certain pressure groups--forgets to reorganize tax deductions. And just tries to do so through indirect taxes. If we do that, we will fail.

KNACK: Thus, the Minister of the Budget says no, and the Minister of Finance prefers to leave all options open. Is it that you do not find your colleague's argument convincing enough?

Eyskens: I simply find it premature to say at this point that there should under no circumstances be an increase in excise. After all, I don't know what sort of dilemmas we are going to be facing.

Verhofstadt: The dilemma is that we are going to have to cut 60 to 70 billion francs out of a package of 265 billion. And that will be very difficult.

Eyskens: In the meantime, there is an important social element here that cannot be ignored. What happens with low incomes? On this, the commission made a number of proposals, such as at least raising the exempted income up to the subsistence level, with the burden of the increase then on individuals. And there is always talk about personal income, which has risen so sharply in our total package of national income...

KNACK: Because of the heavy burden of debt.

Eyskens: Of course! That is why I am even asking the opposition to help us in pushing back these deficits. But it is wrong to feel that the commission's proposals are designed to benefit high incomes.

Verhofstadt: It is good that the Minister of Finance mentions this matter of social justice. That is in fact another reason to stay away from excise and indirect taxes. An increase in indirect taxes is felt primarily in the lower and middle income groups. In addition, it is very important in psychological

terms: For once, now that among other things petroleum prices have dropped, there is an increase in purchasing power. For the first time, people are effectively feeling something, after all that economizing, and it would wrong to in turn negate all that.

Eyskens: OK, under the previous government there were some who wanted to profit from the drop in the price of petroleum products. We did not give in to that then either.

KNACK: You in fact have a group of supporters, the ACW [General Christian Labor Union] wing of your party, that does not think much of an increase in indirect taxes.

Eyskens: I do have to admit that there could be an objective alliance, as it were, in the making between the Minister of the Budget and his party on the one hand and the trade unions on the other hand. They have different motives, but both are against it.

KNACK: Another concerned party that is currently keeping a vigilant eye on developments is the municipalities. They announced last week...

Verhofstadt: ...but nothing is going on there, they simply put into effect a royal decree, KB 263, which had apparently been overlooked by some people. Up to that point, it had been a harmless decree containing provisions on the allocations to the municipalities. But now that the national government is cutting back on its spending, there are naturally consequences that the people in various municipalities had failed to take into account.

Summer of 1988

KNACK: It will be the Minister of Finance who will have to give concrete form to the tax reform and incorporate it into a text. How does the timing look?

Eyskens: I am having my first talks with government officials next week. After that, we--meaning myself and my colleague from the Ministry of the Budget--will sit down together.

KNACK: You are going to come together ideologically?

Eyskens: We have done that in the past, in pension savings, for example. I view the budget and the tax system as being complementary, and so there is nothing strange about this sort of consultation. Moreover, it is easier for two people to reach an agreement. If you make it a quartet, then there is a greater chance of false notes. But after those talks, I will go to the government in order to survey the terrain, so to speak, and then a bill will be submitted to the cabinet. I hope that the government will approve my bill by summer vacation at the latest. The next stage is the Council of States, which can examine the texts over vacation, and then we can get started in parliament in October. In that area, we respect parliamentary prerogatives in their entirety. In the most optimistic scenario, it could come to a vote in the summer of 1988.

KNACK: Isn't that plan jeopardized by the momentary political instability?

Eyskens: I contend that this issue will have a stabilizing effect on the government. It is a finishing touch that can be presented to the voters. The reform can be applied to 1988 income, assessment year 1989, and in my opinion that is very fast. After all, they gave it 10 years in the United States.

KNACK: And that remains to be seen. Even in the United States, the results of that operation are rather unclear.

Eyskens: The whole picture over there is clouded by the budget situation, by the payment deficit and the balance of payments. In addition, the great weakness of the U.S. administration after all of Reagan's adventures must be taken into consideration. And finally, they are already in the middle of an election in the United States.

KNACK: So despite the Happart affairs, the opposition forces that are hovering around this government, you still have a relatively safe political feeling?

Verhofstadt: We'll make it through.

Eyskens: The fifth Martens government underwent many more tense and difficult moments, including the Cockerill-Sambre affair. We were at the breaking point two or three times. It is true that there is a certain malaise in parliament right now, and in order to deal with that we should perhaps simplify the procedure for handling the budget.

Verhofstadt: Soon I am going to introduce a motion on that to the joint commission for the reform of the budget.

12271

CSO: 3614/60

NESTE REACHES TRADE ACCORD ON OIL SALES WITH USSR

Helsinki HELSINGIN SANOMAT in Finnish 26 Apr 87 p 24

[Article: "Neste Reached New Agreement on Price of Soviet Brokerage Oil, New 'Price Mechanism' Cuts Market Risks"]

[Text] The price dispute on brokerage oil imported via the USSR was resolved on Saturday. Negotiators from Neste and Soyuznefteeksport [All-Union Association for the Export and Import of Oil and Petroleum Products] agreed on transferring 4.5 million tons of oil at the most this year.

So far Neste has acted as an intermediary for approximately a half million tons. The amount of brokerage oil has been calculated at 5 million tons on the commodity exchange schedule.

Neste will act as an agent for 3 million tons of oil in the possession of the Soviet Union. The remaining 1.5 million tons will be forwarded depending on the amount of ready-made petroleum products imported from the Soviet Union.

In practice the agreement between Neste and Soyuznefteeksport will mean that the amount of brokerage oil will increase to a total of 5 million tons. This is the maximum amount of brokerage oil recorded in the Finnish and Soviet commodity exchange schedule.

Neste's Assistant Managing Director Kai Hietarinta did not want to comment on agreed price level for "commercial reasons".

A price agreement indicates that brokerage activities are no longer unprofitable at the now agreed upon price level. As far as is known, in the negotiations conducted during the winter the Soviet side proposed prices to Neste which would have produced losses amounting in the tens of millions of markkas.

Neste and Soyuznefteeksport also agreed on "a price mechanism which takes the views of both parties into consideration and protects against unreasonable price risks".

"If a transaction is unfavorable to the seller, then it is not required to sell, and if the transaction is unfavorable to the buyer, then it is not required to buy," said Hietarinta in explaining the price mechanism.

The flow of brokerage oil is followed on a monthly basis at least according to Hietarinta. "There are many issues about which there must be continuous communication. An effort is made on a monthly basis to determine how much oil each party has."

Brokerage Oil Comes from OPEC Countries

The Soviet Union's brokerage oil does not come from the Soviet Union, but from OPEC countries. The half-million ton oil shipment so far came from Algeria. Now oil is flowing from many OPEC countries, among which Iraq is the most important.

According to Hietarinta, the oil comes from several sources, and "it cannot be said that the whole 4.5-million ton shipment would be from Iraq".

The brokerage oil sold by Finland previously has come from Libya and Algeria, among other places. At the end of last year a London-based energy newspaper alleged that Neste acts as an intermediary for oil which is sent to the USSR as payment for weapons purchases by Algeria, Libya, and other OPEC countries. At that time, Neste's General Manager Jaakko Ihamuotila explained that Neste's October agreement included only Algerian oil. Neste sold Libyan oil to the markets in 1982-84.

The destinations of brokerage oil were also discussed in the current negotiations. According to Assistant Manager Hietarinta, the only restrictions from Neste's point of view are the general statutes concerning OPEC countries. According to these statutes, Neste may sell brokerage oil to all spot-markets except for Israel and South Africa.

Exporters Received Hope Again

The brokerage oil agreement will have an immediate effect on Eastern trade. It means new hope for Finnish exporters, whose opportunities to obtain the agreed upon transactions from the Soviet Union this year have been partially dependent on brokerage oil. Exporters have not been issued permits for deliveries before the brokerage oil trade agreement.

The debate on brokerage oil heated up in the middle of March when Foreign Minister Paavo Vayrynen said in a television election debate that Neste has not been able to conclude transactions with brokerage oil. According to Vayrynen, this would mean additional problems in Eastern trade.

Petrooli Relates Its Own Plans

The Soviet side, for its part, announced to Foreign Trade Minister Jermu Laine that if Neste does not want to conduct trade with brokerage oil, Soyuz-

nefteeksport will use its affiliate company, Suomen Petrooli, for the same purpose.

Trade Director Kyosti Tiainen of Suomen Petrooli does not want to comment on Neste's agreement with Soyuznefteeksport. According to him, Suomen Petrooli will announce its own plans in the near future after it has obtained more precise information on the agreement now concluded.

10576

CSO: 3617/89

ND INTERPELLATION ON REPORTED PYRKAL IRREGULARITIES

Athens I VRADYNI in Greek 13 May 87 p 3

/Text/ As Deputy Minister of Industry G. Petsos remarked, the government once again refused yesterday to introduce documents in the Chamber of Deputies regarding the scandalous procurement by PYRKAL /Munitions and Cartridge Company/ of fuses from the Hamilton Company. The reason given for the refusal was "defense security." This stance by the government was criticized by ND Deputy I. Palaiokrassas, who brought up the issue, as well as by Mr Kon. Mitsotakis, ND leader, who stressed that "we are in a mire of scandals." Moreover, Mr Palaiokrassas criticized the government for concealing losses of 53 billion drachmas by PYRKAL in only 4 years and he revealed that "ETEKAs /as published/ was created to facilitate the acquisition of illegal procurements by PASOK." The deputy minister of industry did not answer this insinuation.

In his speech regarding PYRKAL, Mr Palaiokrassas referred to the following:

1. The scandalous procurement of 75,000 fuses for installation in shells that were sold to Iraq at a price cheaper than that for the Greek army and that brought about a loss of 7 billion drachmas to the company.
2. PYRKAL's false allegation that was voted down because it presented losses as less than they were.
3. The planned agreement for the manufacture of DEI /Public Power Corporation/ machinery and equipment by PYRKAL's affiliate, namely ETEKA, that caused 40 billion drachmas in losses to DEI.

The government's refusal to provide specific data about the losses, Mr Palaiokrassas said, shows that it is hiding something and that it does not want to show how great the cycle of corruption is.

More specifically, referring to the fuses, Mr Palaiokrassas said that he was returning to the issue because the government, by invoking business secrecy reasons, has refused to provide the Chamber of Deputies the contract and other pertinent documents regarding the scandalous procurement of 75,000 items that were purchased at an exorbitant price from a Greek-American middleman. The fuses that were purchased at a price of 78 dollars each were incorporated into shells that PYRKAL sold to Iraq at 112 dollars each, to be delivered there. At that same period of time it sold them to the Greek army for 201 dollars each. An overall undervaluation of 52 million dollars in other words over a 7 billion drachma loss.

He pointed out the fact that while the government lets out secret documents on foreign policy it refuses to provide the Chamber of Deputies with a business contract because it wants to hide and protect partisan elements that have been ravaging the broader public sector.

Palaiokrassas" Comments

In his speech before the Chamber of Deputies, Mr Palaiokrassas revealed that the documents in question show that the order for fuses was placed with the middleman through a PYRKAL telex 7 weeks before the service proposal reached the company's board and 2 whole months before the contract was signed. To have the work carried out even the director of the competent administration was changed. Also, in order to cover up matters when the scandal broke the telex text was changed by hand after the fact. This is a well-known method, similar to the forging of the books of the Kavala harbor master in the case regarding the corn shipment.

Mr Palaiokrassas continued as follows:

"Of course, this is not the first nor the second scandal that has broken out in PYRKAL. The company is worthy of the name 'a woman fallen into a multitude of sins.' In the 4 short years of its socialized history, according to official balance sheets, it has amassed 2.6 billion drachmas. However, as we were informed yesterday in a document by Mr Tsangarakis, PYRKAL management adviser, the balance sheets are false. It was he who had instigated the vote against the 1986 balance sheets by the board. The true statistics that he himself provided and that are also provided by the certified accountants raise the overall losses to 6 billion drachmas. These losses do not include either the loss of 7 billion drachmas from the project regarding shells sold to Iraq nor, of course, the huge losses incurred by the delay in implementing the planned agreement between PYRKAL and DEI concerning which I have registered a series of other questions. This particular loss had reached 40 billion drachmas up to the end of 1986.

"This agreement and more specifically the way it was transferred to the newly-created firm ETEKA (an affiliate of PYRKAL and OAE /Organization for the Rehabilitation of Enterprises/ provoked the vote against the balance sheets by PYRKAL board, while after much pressure it was passed by the DEI board. Peculiar things really. An agreement you make is not wanted but is imposed. Balance sheets that are rejected. Data that the government refuses to provide. Losses in the order of 53 billion drachmas in 4 years. And why does not the government look into the matter, punish or condemn but covers up? For 3 years now I have been putting forward questions and charges in the Chamber of Deputies but nothing is being done.

"Why? Who are being covered up? The question put forward by the Greek people today is not whether there are scandals or not. They have been assured that they do exist. What the common citizen is asking today is how widespread is the cycle of corruption and pillage. In this specific case do you know what is circulating today in PYRKAL and DEI after yesterday's voting down of the balance sheets? That ETEKA, that stumbling block, was created to facilitate the acquisition of illegal procurements by the party. You, Mr Deputy Minister, are new in your post and perhaps you still do not know about this. I hope it is not true. But as a

government you have a duty to defend yourself from these rumors, you have a duty to defend the integrity of the entire political spectrum that just yesterday in this chamber unanimously called for the creation of an examining committee to look into the scandals. Above all, you have a duty to deliver the country from venomous and poisonous fumes."

Mr Palaiokrassas then presented PYRKAL's financial status on the basis of the balance sheets. It shows that overall real losses amount to 6,156,636,000 drachmas. These include the following:

1. Sums totalling 2.734 billion drachmas from omissions in accounting documents that were certified by certified accountants minus 82,370,392 drachmas in fictitious profits.
2. Balance sheet losses of 2.499 billion drachmas plus 790 million drachmas from ETEKA's gross profits.

Special Meeting Called

The subject of a special meeting today, in the presence of Minister of Industry and Energy Peponis and Deputy Minister of Industry and Energy Petsos, will be the huge losses incurred by DEI because of the delays in the delivery of indispensable machinery and equipment from PYRKAL as well as prospects for new agreements between the two firms.

This meeting is being held following another meeting held yesterday by Messrs Peponis and Petsos on whose instructions PYRKAL's administrative council was postponed yesterday.

The issue that has come up is that DEI is facing a serious problem in its energy program because the lack of machinery that PYRKAL had committed itself to build has caused billions of drachmas damage to the firm.

Thus there is a big problem as to whether the new agreements--for the construction of 8 excavators, 10 conveyor belts and 8 reserve dumps--should finally be worked out by PYRKAL and specifically its affiliate ETEKA. Of course, the consignment of the projects has already been made even though there is disagreement between the two firms over construction costs. Therefore an arbitrator has been appointed.

Nevertheless, the contract signed between the two firms is in danger of blowing up if by 16 May the construction of a segment of the equipment is not assigned to subcontractors. Thus, a planned extension of the time limit is not to be ruled out.

This issue was to be discussed at yesterday's meeting of PYRKAL's board that was postponed following instructions of the minister of industry and energy.

The assignment of the project to the subcontractors amounts to 3.5 billion drachmas.

5671
CSO: 3521/123

CENSIS REPORT NOTES POWER CENTERS WITHIN LARGE GROUPS

Rome L'UNITA in Italian 6 Dec 86 p 2

[Article by Edoardo Gardumi: "Italy According to the Fiat Model; New Oligarchies are Hiding But Nobody Controls Them"]

[Text] Analysis of the formation of strong centers of socio-economic power--the increase in wealth and the "financial illusion"

The Italian society is irresistably attracted to the "Fiat model." The average citizen is resembling more and more the Romiti engineer in his values and behavior. This is what was discovered by Censis which, every year, brings us up to date on the change--both molecular and structural--in Italian society. Feelings, strategies, myths: everything seems to be patterning itself after the examples and trends coming from the large company. The Brambillas are a thing of the past; the powerful components of the economy are coming back and dragging along with them the hearts and pocket books of the Italians.

The strongest feeling found by Censis in 1986, that with the soundest roots in the soul of the people, is tenacity. Tenacity in defending one's own power and revenues, as much as could be obtained from these years of profound social change. Company strategies are turning to the creation of more intricate and complex centers of socio-economic power: no longer is there just industry and production, but also services, finances, and information. A myriad of subsystems with broader levels of autonomy and profit capability which tends to fill the gap between the vitality of the private society and the heavy inertia of the establishment with a new oligarchical structure. As for the myths, consumerism has reached its decline phase. Now one looks for quality: not only those dazzled with abundance are looking for it, but also new political movements which do not accept the notion of growth at any cost.

On the whole, this is the Italy that Censis sees coming forth. Its driving force is no longer in the generalized and often submerged vitality, in the individual discovery of roles and functions to be erected against totalitarian systems and institutions. The creative disorder which Censis had studied in past years, is being reorganized. On the scene have appeared some initial protagonists who have started a reorganization process having a complex and even sophisticated nature. It is precisely the "Fiat model" which is being imposed and seems to have attracted the attention of the Censis researchers most of all.

Large-scale industry is expanding, however not by producing more, but by taking control of new instruments. It is subjugating banks, insurance companies, newspapers, and is reaching into the services sector. It is forming into a system and is seeking alliances in international markets. To do this it uses the immense financial resources that society has accumulated. And it is imposing its own image as that of the winner of the challenge of our times, thus compromising with that need for security and stability which the average Italian, having found himself to be substantially conservative, entrusts to his own tenacity. Is all this good or bad? Is it a sure guarantee or not of growth?

Censis also has its doubts. Its first concerns the equilibrium between productive economy and that of services and finances. Italy has always progressed while maintaining a tight functional link between the two forces, says its director Mr De Rita. But today this equilibrium tends to disappear. Some think that financial activity can live and prosper by itself while building service structures without wondering whether such structures are usable by those producing goods. The risk of being engulfed in a colossal bluff, of falling prey to the flattery of a financial illusion, is coming to light. De Rita is somewhat fearful of appearing conservative, but he warns against the pioneers of the modern paper economy.

The budding of a "subsystem" reality of this new oligarchic structure of society cannot fail to produce some well-founded apprehension. Fiat, Olivetti, Montedison, Ferruzzi: in recent months signs of war have appeared from the leaders. The oligarchic regime can live through long periods of negotiated peace, but the risk that latent tensions might explode in ruinous ways is always present. De Rita wonders if we are forced to submit to "a period of tension created by a few for everyone?" This is very likely because Censis observes no desire among the political institutions and the government to intervene and mediate in the new conflicts. Instead, there is a lively interest to participate, to step into the arena. Each person chooses his own knight hoping that he will beat the others and grant the second an additional share of power.

There is some danger and Censis points this out. But, once again, the general feeling of the report is one of optimism and confidence. And the reason is quickly found. In 20 years of analyzing the Italian society this group of researchers has reached some firm convictions. The most important one is that Italy is organically immune to "major schisms." In other words it is not a revolutionary society. Its advances have been made by learning to govern countless microschisms, learning, in the process, a Mandarin-like art and culture. It is therefore senseless to waste time and energy trying to determine the theoretical boundary between individual initiative--often unethical and fiercely competitive--and the interests of the community which should be summed up by the law. As in the past, a knowing and invisible hand will take care of that. For many years that hand has been a Christian Democrat, but today it is very doubtful that it could be that of De Mita.

Principal Economic/Financial Indicators
(Amounts in billions of 1985 Liras)

	Absolute amounts			Variations in %		Average annual rate (%) <u>85-81</u> <u>period</u>
	<u>1981</u>	<u>1983</u>	<u>1985</u>	<u>83-81</u>	<u>85-83</u>	
Bank deposits	447,539	448,275	422,064	0.2	-5.8	-1.5
Funds raised	2,898	3,469	11,750	19.7	238.7	41.9
Leasing	4,498	4,804	6,900	6.8	43.6	11.3
Factoring	3,663	10,538	18,630	187.7	76.8	50.2
Insurance premiums	13,381	14,346	16,932	7.2	18.0	6.1
Stock exchange capitalization	47,119	42,579	108,477	-9.6	154.7	23.2
Capital increase subscriptions	346	4,793	4,878	256.0	1.8	38.0
Large distribution	18,765.08	19,025.85	20,346	1.4	6.9	2.0
Exports	138,231.8	132,735.4	149,700	-4.0	12.8	2.0

13312/12379
CSO: 3528/51

NATIONAL BANK REPORT CALLS FOR ADDITIONAL SPENDING CUTS

Duisenberg: Government Too Optimistic

Rotterdam NRC HANDELSBLAD in Dutch 28 Apr 87 p 14

[Interview of Dr W.F. Duisenberg, President of the Bank of the Netherlands, by Editors Paul Friese and Paul Frentrop; date and place not specified]

[Text] Amsterdam, 28 April: The retrenchment policy must not be watered down. On the contrary, further cutbacks are needed. The economic presuppositions on which the government agreement is based appear to be too optimistic. During this cabinet term there will have to be five to 10 billion guilders more in cutbacks in order to reduce the government deficit by 1990 to the 5.5 percent that was specified in the government agreement.

That is the message from Dr W.F. Duisenberg, president of the Bank of the Netherlands, in his annual report, published today.

Duisenberg is concerned about the "watering down" that he perceives in the cabinet policy, a watering down of the harsh retrenchment policy that he believes is still needed to keep the economy on the right track. Up to now Duisenberg has kept his criticism off the record, because he did not want it to be a factor in public debate. But in the annual bank report that was published today, he reiterates his criticism in the public forum. For, although at the time the government agreement was drafted, he had his doubts about the choice of policy, which he also communicated to the cabinet, since then the doubts have only become stronger.

The reason for his growing anxiety is the fact that the surplus of the balance of payments has suddenly shrunk, and with remarkable speed. Duisenberg: "In itself this is no great calamity, provided you take care that the development does not outpace the economy." Therefore cutbacks must be made more swiftly than was agreed earlier.

In the government agreement presuppositions are made on the basis of the dollar, the interest rate, oil prices and the deficit of the lower government echelons, none of which, "if taken separately, is unthinkable or unrealistic, but if taken together are indeed quite optimistic," so he predicted. With a bit less optimism the sums would no longer tally. Then the cutbacks would have to be no

mere 18 billion guilders, but something more like 25 billion. Only then would the government deficit match the development of the surplus in the current account of the balance of payments.

For the time being, Duisenberg has been proven correct. "We are now very quickly approaching a situation where the surplus of the balance of payments is getting up toward four billion guilders. In 1985 it was still 18.5 billion, last year it was 12.5 billion and for the most recent 12-month period it is 7.5 billion. You have to take into account the fact that the Central Plan Bureau predicts a surplus of six billion for all of 1987. We are very close to this already, while the government agreement is still anticipating an increase of up to 24 billion by 1990. If we succeed in keeping the surplus to about four billion on the long term, say to 1 percent of the GNP, the government deficit will have to drop down to 4 or 5 percent of the GNP."

Duisenberg does not talk about the national government deficit, as is stated in the government agreement, but of the entire government, national and lower echelons together. The government agreement has as its aim a national government deficit of 5.25 percent by 1990. That is why he thinks that the spendings cuts for this cabinet should have been five to 10 billion guilders higher.

Here we have to take something else into account. Half of the amount for 1987 does not consist of cutbacks, but of increased taxes for both citizen and industry. Duisenberg: "If you set as your aim to bring down the deficit as well as at least to stabilize taxes, then such implementation is in conflict with that. You have a threefold choice: expenditures, taxes or the deficit. If you aim for [stabilizing] the latter two, then you have only the expenditures on which to work."

[Question] The watering down you speak of in the annual report, does that also have a bearing on the framework letter of Minister Ruding, in which he describes the bases for the 1988 budget?

[Answer] I was still unfamiliar with that letter when I wrote [the annual report]. Now I do know its contents, and that letter does not make me very happy. It states very explicitly that no accounting has yet been made of a decrease in the world economy in 1988, because that is still so uncertain. Now it does not seem unlikely to me that that growth will indeed be slower than was supposed until very recently. That means that the framework letter also depicts the issue as overly optimistic. If you want to keep to your goals and timetable for reducing the deficit, more will have to happen before very long. But then 1988 will be quite a lot closer. Taking measures is one thing; implementing them subsequently in practice, in such a way that they work, well, that is the old tale of the supertanker taking the curve very slowly. It does take time.

[Question] What do you think of the fact that Ruding wants to compensate for a part of the budget excesses only after 1988, and is thus asking for a delay?

[Answer] That is his responsibility, but I do think that great risks are entailed in his taking that approach. I don't want to venture an opinion about

what is politically attainable or what people can tolerate at the moment. But truly great risks are taken by mitigating the reduction of the deficit.

[Question] Would that be only for political reasons?

[Answer] That I do not know; you must ask that question in The Hague.

[Question] If you believe that the deficit must be reduced more quickly than was specified at the time, they will say in The Hague that it is very easy for Mr Duisenberg to say that, since he is on the sidelines, you know the old accusation.

[Answer] Yes, yes, I know, it's easy for Mr Duisenberg to talk, that's true, that's true. It is a very heavy job to take on. I certainly realize that. Nonetheless, it is inescapable.

[Question] Is it also possible?

[Answer] Well, if other countries can do it, why not we?

I seem to be making very light of it, but I admit that one simply wearies of all these things. We have been carrying on this discussion for nearly ten years already, and with increasing intensity. But the cabinet will have to perform a very difficult task, more difficult than people realized, in drafting the government agreement.

[Question] You also want the wage cutbacks to be continued. Then the unions will say: We have cut wages back, thereby improving our competitive position, but a large part is rendered null and void because of the increase in the rate of exchange of the guilder, and that is the concern of the Bank of the Netherlands.

[Answer] Insofar as the bank can make a contribution to the issue. Our competitive position has only rather recently deteriorated in any very clear way. For this reason the dollar and the pound are very important causes. We are rather powerless against this. The real effects are yet to come. Therefore I must now issue a warning. The unions know very well that the moderate development of costs and the improvement of our competitive position, which then occurred, have made a very important, perhaps even the most important, contribution to rescuing the Dutch economy at least in part, from the doldrums. Those union men also know their arithmetic.

[Question] Is there now talk of a change in trend in economic development? Last year in the annual report you were still speaking of a rising line?

[Answer] Let us not be gloomy about everything. That rising line, for example in investments, has been very positive. We are now expecting a slower development in investments. But outside of the energy sector, there is still an investment growth of 6 percent in volume. I do believe that more is necessary for us to be able to continue the growth of job opportunities significantly. I hope that we shall be able to whip up the investment level somewhat.

[Question] How would that have to happen?

[Answer] The instruments for this are quite limited, I know. Keeping the interest as low as possible and having the government make leeway for this as well, thus further reducing the deficit and continuing to eliminate obstructions that have nothing to do with money, such as less regulation, etc. The most important thing, however, is what is happening in the world around us, particularly in West Germany.

[Question] A European stimulation policy such as Witteveen recently advocated?

[Answer] Now the economic prospects in West Germany also indicate a substantial slowdown in growth, and on the other hand the West Germans have an enviable day-to-day system of running their government. Well, if there is space to do something about the economy, it is there.

[Question] You write that Europe cannot help the US with its problems.

[Answer] Only in a very limited way. The Americans must do it themselves.

[Question] The Europeans can indeed help themselves, and the West Germans must take the lead?

[Answer] (laughing) We would get a greater advantage from that than the Americans.

[Question] The banks have recently been rather critical of the interest rate in the Netherlands. According to them, you are keeping the interest rate too high.

[Answer] I absolutely disagree with that. Internationally the interest rate in the Netherlands is among the lowest in the world. Because an enormous export of capital occurred last year, more than 21 billion net, the guilder came under downward pressure because of the large supply. If you then at the same time have to stabilize your exchange rate within the framework of the EMS, you are forced to charge interest rates on the money market that are higher than they would have been if the export of capital had not occurred. We now see that the export of capital is lessening, the guilder is holding up and the interest is no longer under upward pressure. The criticism is not directed so much against the interest, in fact, as against the unsatisfactory use of the margins of profit within the framework of the EMS. If you take into account that the Belgians have been on the lowest rung of the interest ladder for two months, and we have been 0.3 percent above the 2.25 percent that we are allowed to fluctuate, then I do not see what is left in terms of margins. In the long run it is always an advantage when there is no doubt about the guilder. The confidence argument counts a great deal and also has direct consequences for the interest rate. Thus we are not so happy about suggestions to let the guilder drop somewhat. To put it bluntly: He who talks of lowering the guilder, talks of elevating the interest rate.

[Question] So the Netherlands Christian Employers Union, which advocates disconnecting the guilder from the deutsche mark, is making a mistake?

[Answer] Yes indeed, in my judgment.

[Question] Last year you closed your introduction to the annual report with some comforting words. You said that the restoration of the Dutch economy has made strides and has got a broader base. There is a reasonable expectation that the rising line of our rate of growth will rise even more. This year we have to do without such a message. You end abruptly with some technical data on the monetary policy. Why the reserve?

[Answer] This year I decided not to play such a finale, because I wanted to end with monetary development. Two years ago I was still writing: Things are going better, but not well. Now my line is more like: Things are still going well, but we must really pay attention.

Analysis of Report

Rotterdam NRC HANDELSBLAD in Dutch 28 Apr 87 p 14

[Article by Paul Frentrop: "Netherlands Bank Puts Pressure on Cabinet After a Year of Living with the Facts"]

[Text] Rotterdam, 28 April: Last year about this time, we stood on the eve of the elections. Afterwards a government agreement was put together in which the goal of reducing the finance deficit to 5.5 percent of the GNP by 1990 was one of the most important objectives. Not an ambitious one. Experts have agreed for years that a structural deficit of 4 percent is acceptable, but no more than that.

The extra scope the new government gave itself, however, did not seem to be too detrimental, because the Netherlands is in fact a wealthy country. Production exceeds expenditures year after year, and that national savings surplus finds its repercussion in a surplus of the balance of payments, which in proportion to the extent of the Dutch economy is one of the greatest in the world.

Thus sufficient funds are available to finance a large government deficit, and at the time the government agreement was drafted, the parties based themselves for convenience sake on the supposition that this abundance would continue to exist.

That appears not to be the case, however. The surplus on the balance of payments declined sharply last year, and for this year a further decrease is foreseen.

Last year the surplus of the balance of payments decreased from 18 to 12.5 billion guilders. And that would have been five billion greater yet, if the export price for natural gas had not followed the decrease of the dollar rate with some delay. And the decrease is still continuing. Over the 12 months up to and including February of this year (the most recent figures), the surplus of the balance of payments has once again come out to be five billion lower, that is, seven and a half billion. The national savings surplus is thus swiftly shrinking, and the Bank of the Netherlands indicates in its annual report that this means that the government deficit must be reduced to a more acceptable level sooner than was supposed in the government agreement. The balance of pay-

ments is again about to become a prior condition for the policy, as Duisenberg writes in his annual report.

More than a month after discussions had been held concerning the distribution of two billion in "windfalls," and just before the provincial elections, the president of the bank wrote down some difficult matters that he had also brought up in private at the time the government agreement was drafted, but which he had not allowed to play a role as public criticism in the political decision-making process.

The presuppositions upon which the government agreement is based seem for the present time far too optimistic. For example, an annual growth of 5.5 percent in world trade is anticipated. In practice the growth scarcely attains 4 percent. The government agreement presupposes an average dollar exchange rate of 2.25 guilders during the cabinet term, but for the time being the dollar is registering two dimes lower. And for every dime of decrease in dollar-value, the government gets 500 million guilders less a year in natural gas profits. The government agreement is based on the fact that the price of oil will return to a level of \$25.00 a barrel. At the moment the purchase price of one barrel of oil is \$18.00, and the OPEC agreement on which that price is based is looked upon as very fragile. Every dollar by which a barrel of oil is cheaper takes away 500 million annually in government revenue.

Then the government agreement still assumes that the interest rate will gradually decline to 3.5 to 4 percent, but no economist believes that any more, and for the time being the interest rate fluctuates at levels higher than 6 percent. Then, too, if it is borne in mind that all government cutbacks up to now have been entirely undone by the mounting interest burden, which has meanwhile become the greatest item of expenditure for the national government, it becomes clear how extensive the effects of potential "setbacks" may be.

Too Optimistic

Well, the word setback is not quite correct. Even at the time the government agreement was drafted, those involved knew that their bases were far too optimistic. In the annual report of the Netherlands Bank this style of operation receives a somewhat cautious criticism. Duisenberg writes: "The above-mentioned presuppositions are not said to be unrealistic when taken separately. And simultaneous realization does not seem very likely, either; not at the time the government agreement was drafted, and surely not now, nearly one year later." On the basis of his own presuppositions, Duisenberg believes that five to 10 billion additional builders in cutbacks are as yet needed to reach the goal: a decrease of the deficit to 5.5 percent by 1990. In saying this he bases himself on current levels of interest, oil prices and dollar exchange rates, and also on the optimistic 2-percent economic growth that the Central Plan Office predicts for the entire cabinet term.

All of that with the balance of payments as a prior condition. The chapter entitled "The development of trade with foreign countries," not usually one of the chapters in the annual report of the Netherlands Bank to which the reader turns first, is this year considerably longer than formerly. In the past years of large surpluses in the balance of payments, the public did not hear much about this important economic factor, but that is clearly changing.

In the annual report for 1982, when the balance of payments increased by two billion, a surplus of nearly 10 billion, Duisenberg wrote: "The surplus is a symptom of weakness rather than strength. It is the depressing state of our domestic economy that is causing a relatively low level of imports, specifically of items necessary for investments." That was then a reason for the huge surplus. A decreased surplus would, as Duisenberg wrote in 1982, "call for a round of applause." The concern now about a decrease thus sounds a bit strange. It appears that for government finances new prior conditions are always in fashion. First the experts were very much upset about the increasing burden that the government was imposing on the money market. That would make it difficult for industry to attract capital for new investments. Who still remembers this "crowding-out effect," of which we do not hear very much any more? (Last year the government demand on the money market decreased from 7.9 to 5.3 percent of the GNP). Subsequently--when the interest rose above 10 percent--it was on the interest burdens set by the government that limits had to be imposed. That sound has now subsided, especially since last year people in the lower echelons of government could amortize their government loans prior to maturity. In this way, Ruding's interest profits, which previously went unmentioned, suddenly declined.

So now it is the balance of payments that, according to the Netherlands Bank, compels an accelerated reduction of the government deficit. How did the balance of payments deteriorate so suddenly? More than half of the deterioration is the result of the deterioration of the exchange rate: the increased value of the guilder, particularly in relation to the American dollar and the British pound. Even so, the Netherlands did not do too badly, despite the more expensive guilders. The volume of export (excluding energy) increased by 3.5 percent. That is less than the 5-percent growth-rate of 1985, but competitor countries saw their export grow by only 2.5 percent, so that for the sixth consecutive year, the Netherlands was able to record a larger share of the foreign market.

Prosperity

The imports rose by 4.5 percent. Clearly less than the 8.5 percent recorded in 1985, when imports served as investments. Last year the increase was particularly the result of increases in private consumption. Thus the import of passenger cars increased by 26 percent. According to the figures of the Central Bureau of Statistics, passenger car imports rose last year from 5.6 to 7.3 billion guilders. In the service sector a similarly typical prosperity aspect was also an important factor in the deterioration of the service balance: Last year Dutch vacationers spent 5 percent more in foreign countries--even as much as 8 percent more if you do not consider the differences in the exchange rate. So the record of 1985, when Dutch tourists for the first time spent more than 10 billion guilders on foreign travel, was again beaten.

These segments of the balance of payments are said to indicate that the new prior conditions for the policy are based on a somewhat fancier life style enjoyed by the Netherlander, which then, according to the Netherlands Bank, has to result in an accelerated reduction of government expenditures.

Although this aspect certainly plays a role, it is only one side of the coin, however, dominated by decreases in the oil price and the dollar exchange rate,

both of which are of great importance for our natural gas revenues and the competitive position of Dutch commerce and industry. Along with Great Britain, the Netherlands, as an exporter of energy in the EEC, is the only country that sees its balance of payments deteriorate and its government revenue decrease because of cheaper energy. Natural gas exports went down by nearly 17 percent last year. Thus gas exports are nearly 42 percent below the highest level attained in 1977. The energy trade accounts for two-thirds of the surplus in Dutch trade seen as a whole. On top of that, all the EEC countries to which the Netherlands sends the bulk of its exports will see a decrease in their growth because of the cheaper dollar. Those, then, are the great setbacks which, as Duisenberg states, did not have to be unforeseen.

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CSO: 3614/70

'PAMESA' FIRM EMPLOYEE REPORTEDLY DETAINED IN TEHRAN

Madrid CAMBIO 16 in Spanish 4 May 87 pp 33-35

[Article by Juan Jose Vega and Juan Gomez with Ana Vaca de Osma and Luis de Zubiaurre]

[Text] An unemployed 57-year-old man desperate to support his family; an Argentine involved in the weapons trade between his country and Iran, who tried to conduct the same business from Spain; a Basque engineer who goes bankrupt in impossible business ventures; and a holding company tangled up in an affair that diplomatic sources describe as "shady, ugly, and strange," are the keys to the trials and tribulations of Antonio Sadurni Quintero, the Catalanian who is being held in Iran for mysterious reasons.

Barcelona native Antonio Sadurni Quintero, who has had his passport seized by Iranian authorities and is being confined to the Homa Hotel in Tehran, came to this capital city late last February. A few days later, the police came to the hotel where he was staying and demanded that he turn over his passport. They warned him that he had better stay in the country while the authorities investigated alleged illegal payments to Iranian officials. Sadurni had originally planned to come to Iran for just a few days, and when his stay was extended he had to ask the Spanish Embassy for help, since he had run out of money.

The Agrofarma Industrial company for which Antonio Sadurni works, according to sources at the Spanish Foreign Ministry, denies any connection with the person who is being held in Tehran. A stockholder in Agrofarma Industrial, Jose Maria Larraneta Astola, told CAMBIO 16 that the "only relationship Agrofarma has had with Mr Sadurni occurred a couple of years ago, when the company was just getting started, and it merely involved some jobs typing up trade documents. Mr Sadurni has never been on our payroll, and our firm's activities are strictly domestic . . .; we have never exported anything, and we did not even know Antonio Sadurni was in Iran."

Larraneta Astola had a professional relationship with Antonio Sadurni through another company, an import-export firm called Pamesa Industrial, Sociedad Anonima.

Although Jose Maria Larraneta was the manager and primary stockholder and official of the company, the real brains behind Pamesa Industrial, S.A. was Andres von Podolsky, an Argentine who is very well known in the weapons business.

Andres von Podolsky is described by people who know him as a "snake charmer." He speaks fluent English, French, and German in addition to Spanish. He is a difficult man to find, because he is always on the road and he never leaves word of where he is off to or when he will return.

Von Podolsky is of medium height, and at around 50 years of age he is beginning to go bald. He maintains a home in one of the most expensive areas of Barcelona.

The Sadurni-Larraneta-Von Podolsky relationship began in 1983 through Pamesa Industrial, S.A. This firm was purchased by Jose Maria Larraneta at the token price of 150,000 pesetas. It had previously gone by the name of Profitoil, and had belonged to Pamesa Holding, which also includes Pamesa Comercial, S.A., Chip Electronica, and Cipex.

Larraneta and Podolsky intended to act as brokers in international trade. They leased a suite at the Pamesa Holding offices and opened for business. The company went out of business in late 1984 "without closing a single deal," according to Larraneta. This did not prevent Podolsky from attempting several deals, since without having to contribute a penny he had agreed with Larraneta Astola that he would collect 50 percent of the commissions they obtained.

Antonio Sadurni Quintero, who was the only employee of Pamesa Industrial, S.A., served as a factotum. He would come into the office leased from Pamesa Holding, pick up the telexes and phone messages, and handle the correspondence. In the opinion of the directors of that business group who know him, Sadurni "is not exactly the right person to send to a country like Iran to conduct any business."

Sadurni, in a telephone interview with this magazine, adamantly refused to acknowledge his difficult situation in Tehran, and was not especially friendly: "If you print anything about this matter and if my mother, who is over 80 years old, gets upset and dies, things will go very badly for you," he said menacingly.

Diplomatic sources, however, describe Antonio Sadurni Quintero as an insecure, almost timid man, short, with completely gray hair and beard, which makes him look much older than his 57 years. His wife, Maria Teresa Morera de la Vall, when asked by a reporter for this magazine to confirm her husband's situation in Tehran, replied: "As far as I'm concerned, there are three professions that are absolutely identical: undertaker, garbageman, and reporter. My attorney says the best thing I can do with you is send you off to a very smelly place, . . . so consider yourself sent."

With these partners, an engineer who knew hardly anything about international trade (Larraneta) and a pusillanimous clerk (Sadurni), Andres von Podolsky and Antonio de Dalmasas (retired from the military) tried to embark on a great

enterprise selling weapons to Iran. For this purpose they asked Larraneta to contact Campsa or some director of a firm involved in oil refining, because the deal they wanted to strike with the Iranians was to be paid for in crude oil.

In the final months of 1984, Von Podolsky met several times with officials of the Santa Barbara National Enterprise (which belongs to the National Institute of Industry) to negotiate the sale of a shipment of explosives and ammunition for a total of \$100 million (about 1.5 billion pesetas) to Iran. During these talks, Von Podolsky appeared to his interlocutors to be someone with his finger on the pulse of the international market for weapons and war materiel.

According to the directors of Santa Barbara who dealt with Podolsky, he offered all kinds of guarantees for the transaction. He even ended up proposing that he obtain an end user certificate from Argentina, a country from which he had already traded with the Iranian regime, other sources say. Sources associated with the Spanish weapons industry indicate that Andres von Podolsky's relations with the Iranian regime are conducted through a connection with the president of that country's parliament, Rafsanjani.

Rafsanjani is the same person whom Robert MacFarlane, U.S. President Ronald Reagan's adviser, tried to visit incognito in Tehran to offer him a Bible and a pearl-handled revolver, tokens of the U.S. President's good will. That marked the beginning of what would turn out to be the scandal known as Irangate.

Despite these contacts, the sale Von Podolsky tried to make, according to all the information obtained by CAMBIO 16, was a failure; Gamesa got the contract. The transaction in question was the well-known shipment of ammunition and explosives, primarily shells for 105- and 155-mm cannons, to Iran through Libya.

According to Jose Maria Larraneta, "not only that, but no other transaction bore fruit, so in early 1985 we decided to call a halt and pay off all Pamesa Industrial's debts. At that time, those debts caused me a lot of financial problems which I am still suffering."

Toward the end of Pamesa Industrial's life, Larraneta and other partners in Pamesa Holding created the firm Agrofarma Industrial, which markets plant protection products and fertilizers.

Antonio Sadurni Quintero's daughter Gemma conceded that her father works as a "free agent," and denied reports confirmed by the Foreign Ministry that her father "is being held in Iran."

The same consular sources who reported that Antonio Sadurni Quintero works for Agrofarma Industrial stated that he is serving as a middleman for the Swiss company Gallimpex. This firm acts as a broker. When contacted at their headquarters in Buchs, directors of the corporation denied that Sadurni Quintero is acting on their behalf in Iran.

According to these Gallimpex officials, "in the past, around 1984, we met Antonio Sadurni and Andres von Podolsky. We closed a deal with them for the sale of some Taiwanese chemicals to France. That was the only transaction we conducted with them, and they were representing the firms Pamesa Industrial and Agrofarma Industrial."

As a difficult investigation gets underway to shed some light on this murky affair, the person who could enlighten everyone, Antonio Sadurni, is refusing to talk. It may be that he fears his revelations will exacerbate his present situation in Iran, or he may fear another type of consequence if he divulges the kind of business he was conducting in that Middle Eastern country which is involved in a long war.

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